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Friday September 27 1985

World news

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Right presses **Fabius** to quit

France's right-wing opposition stepped up demands for the resig-nation of Prime Minister Laurent Fabius after his broadcast blaming former Defence Minister Charles Hermi for the sinking of the Green-peace ship Rainbow Warrior was widely judged to have been uncon-

diers, including a colonel in the sec-ret service, were charged in Paris with leaking secrets about the Rainbow Warrior affair.

In New York, at the United Nations General Assembly, France and New Zealand agreed to set up a working group to study mutual recriminations. Page 3, Page 20

Hurricane sweeps in

Thousands of people fled and U.S. forces transferred aircraft and ships from Atlantic coast home bases as Hurricane Gloria, described as one of the most powerful this century, headed towards the North Carolina coast. Page 7

Tunis breaks ties

Tunisia broke off diplomatic relations with Libya after four of Libya's diplomats in Tunis had been or-dered out of the country for allegedly posting letter bombs to Tunisian journalists. The two countries are at loggerheads over Libya's expuldend. Page 42 sion of 30,000 Tunisian migrant

Moscow-Oman link

The Soviet Union and the conservative Sultanate of Oman are to establish diplomatic relations. That marks a breakthrough for Moscow in the Gulf region, where most states have no diplomatic ties with the Kremlin, Page 2

Sudan mutiny falls

Sudanese paratroopers put down a mutiny by soldiers in north Khartoum, and another in nearby Omdurman also failed.

Four Basques shot

The right-wing Anti-Terrorist Liberation Group claimed responsibility for the murder of four suspected

Norwegian reshuffle

Willoch announced a reshuffled Cabinet that strengthened the posi-tion of the two coalition partners in his minority centre-right

Heroin sentences

Three men were given prison sentences ranging from two to 13 years in Lugano, Switzerland, for laundering \$47m amassed from heroin sales in pizza bars in the U.S.

Tremor hits Chile

A strong earth tremor shook Santiago and other cities in central Chile, but there were no reports of damage or casualties.

U.S. pull-out threat

The U.S. is threatening to withdraw BOKING, the U.S. airliner manufacfrom the International Atomic Agency if a resolution urging sanc-

Cosmonauts return

Two veteran Soviet cosmonauts, one of whom had been in space for over three months, returned to

Asylum sought

An East German circus performer travelling in Japan sought asylum West German embassy in

Unilever

Business summary

raises offer for Vicks

UNILEVER, Anglo-Dutch group, said it would pay \$60 a share - a \$2 increase - for Richardson-Vicks, if the board of the U.S. health and skin-care group accepted its \$1.35hn offer. It left unchanged the \$48 offer if directors continued to oppose the

DOLLAR fell in London to DM 2.6800 (DM 2.6800), SwFr 2.1775 (SwFr 2.2055), FFr 8.12 (FFr 8.20) and Y220.20 (Y226.90). On Bank of England figures, the dollar's exchange-rate index fell to 131.5 from 134.1. Page 35

STERLING fell 15 points in London to close at \$1.4385. It also fell to DM 3.8275 (DM 3.8600), SwFr 3.1325 (SwFr 3.1775), FFr 11.68 (FFr 11.8075) and Y316.75 (Y326.75). The pound's exchange-rate index fell to 82.0 from 82.6. Page 35

WALL STREET: The Dow Jones industrial average closed 8.74 up at 1,320.79, Page 42

LONDON gilts offered one of the few bright spots as equities proved lifeless. The FT Ordinary index slipped 1.5 to 979.1. Page 42

TOKYO: Stocks languished although volume approached near record levels of 1.35bn shares. The Nikkei Dow market average dipped 15.31 to close at 12,689.50 with many issues moving ex-rights and ex-div

MIIAN ignored concern over the weaker dollar and hit a record as mutual fund and foreign buying gained pace. The Banca Commerciale index advanced 4.41 to a peak 400.60. Page 42

SYDNEY: Late overseas buying of industrials and banks boosted the All-Ordinaries index to a record high with a 10.5 gain to 971.8.

GOLD rose \$0.50 in the London bullion market to close at \$329.25. It also rose in Zurich to \$329.75 (\$328.50). In New York, the Comex December settlement was \$332.20.

HENKEL West German chemicals concern that invented Persil washing powder, is raising more than DM 400M (\$148m) through the first public share issue in the family-Basque separatists who were killed owned company's history. The issue in Bayonne, south-west France. will equip the 109-year-old group for ahroad, Page 20

Norwegian reshuffle.

Norwegian Prime Minister Kaare group, amounced plans to convert willoch announced a reshuffled a factory site on the outskirts of Milan into a science park with laboratories and research centres. Page 21

> FRENCH BANKS and the Government are split over plans to set up a credit-rating agency to vet the fi-nancial health of companies.

KARSTADT and Kanthol, West Germany's two largest stores groups, had their plan to merge their travel divisions turned down by the Federal Cartel Office.

MONTEDISON, leading Italian chemicals, health care and energy group, expects a profit of £100bn (\$55.7m) for 1985 — its first profit.

bar a small surplus in 1979, for 10 vears. Page 21

turer, won a \$500m order from Piedmont Airlines of North Carolina for tions against Israel is passed. 19 Boeing 737 twin-jet aircraft, Page 3 bringing to 1,385 the total of 737s

THOMAS Nationwide Transpor (TNT), leading Austrian transporta-tion group, earned A\$28m (\$20m) in the final quarter of the past finanover three honds of cial year, nearly as much as for all by Dzhezkazgan in Soviet Kazakh-stan.

Soviet Kazakh-stan.

Grant The town of cial year, nearly as much as for all of 1983-84. Net earnings for 1984-85 more than doubled to A\$75.6m.

> PKBANKEN, Sweden's third largest commercial bank, improved its operating result by 19 per cent to SKr 960m (\$118m) in the first eight months of the year. Page 21

Gatt pleads case for trade talks as growth slackens

over trade in services.

cent forecast earlier.

ment, Gett claims.

sharing markets.

A slowdown had been forecast af-

the risk of inflationary effects from

strong boost to output and employ-

It would also offer "an important

Its report describes the double

threat to the world trading system

from the protectionist pressures generated in the U.S. by its trade deficit and from the continuing ero-

sion of Gatt rules by governments

that agree to restrict competition by

BY WILLIAM DULLFORCE IN GENEVA

GROWTH IN world trade slackened more quickly than expected in the first six months of 1985, the secretariat of the General Agreement on Tariffs and Trade (Gati) reported

esterday. The deceleration, it warned, might be a signal that the world economy was "in danger of slipping back into the anaemic performance of the post-1973 period." The Gatt's international trade re-

port for 1984-85, the first chapter of which was released yesterday, pleads the case for a new round of international trade negotiations to supplement monetary and fiscal ac-tion by the leading industrial

It reasserts the value of action on trade after the moves to devalue the dollar announced by the Group of Five finance ministers last weekend and President Ronald Reagan's attempt to ward off protectionist pressures in the U.S. Congress by his statement on trade policy on

Hopes that a decision to go ahead with new trade talks might be taken by Gatt's 90 members at a spe-cial session in Geneva next Monday have faded, however, after prolonged discussions failed to resolve a dispute between the industrial na-

ments have decided that hilsterally managed trade on the pattern of the 1930s is preferable to multilater-The Gatt's preliminary estimates dicate that the volume of world al liberal trade," Gatt comments. trade in the first six months was on-

The most immediate danger to ly some 3 per cent above that for the first half of 1984. the trading system is that it will become a scapegoat for problems the origins of which lie outside the ter the 9 per cent increase recorded trade area, the report says in an oblast year but the deceleration has been sharper than expected. Gatt estimates that the growth in world protectionist measures from the U.S. Congress.

trade this year will be less than 4 per cent instead of the 5 to 5.5 per Starting trade talks would im-prove the business climate even in the short run by providing a credi-The moment is ripe, Gatt sug-gests, for opening up the world trading system. That would reduce ble signal that governments were prepared to reverse the protectionmore expansive monetary and fis-cal policies.

able framework for world trade would also help to resolve the international debt issue. It would do so by sustaining economic growth in the industrial countries, improving access to foreign markets and pro-moting resumed growth in the in-debted countries themselves.

The values of both exports and imports in most of the 18 heavily indebted countries started to decline

Continued on Page 20

Akali Dal sweeps to power in Punjab poll

Sikh community was last night sweeping to power with an absolute majority for the first time in its 65year history in the Punjab state as-

This apparent landstide victory surprised even the most optimistic Sikh politicians and observers. It sets the Akali Dal party the daunting task of restoring peace and prosperity to the troubled northern three years. The vote was seen as a resounding rejection of Sikh extremist activities.

nesday's poll, may raise expecta-

not effective and the Sikh politicians gained a reputation as quarrelsome and incapable of retaining

indian state which has been bede. Akali Dal government is the Pun-villed with violence for the past jab's best chance of peace. There is al which has won almost all Punja

However, the size of the majority, a condemnation of the policies folwith the Akalis winning perhaps 70 lowed by Mrs Indira Gandhi, Mr The party that was winning last
of the 115 seats contested at Wed- Gandhi's mother and the former night is called the Akali Dal (L) to tions of quick results which the par-ty will find hard to achieve. Sikh assassins last year. Mr Gand-ty will find hard to achieve. hi himself could nevertheless come In 1977 the Akali Dal governed in in for some criticism from groups Joginder Singh.

THE AKALI DAL party of India's coalition with the National Janata within his own party across the Party which was then in power in country who feel he has dropped New Delhi. The administration was cians and instituted too many re-

power.

The beavy defeat of India's ruling
Congress (I) Party could embarrass

cause Congress (I) also did not appear to be beating the Akali Dal for Congress (I) Party could embarrass

i3 seats in the Lok Sabba, India's Mr Rajiv Gandhi, the Prime Minis- national parliament, 10 months after, even though in private he is be- ter winning a landslide victory in lieved to support the view that an other parts of the country in a gen-

There is also likely to be concern The defeat of the Congress (I), in New Delhi that the size of the earlier elections, is almost certainly the growing popularity of regional

Gandhi's mother and the former night is called the Akali Dal (L) to Prime Minister, who was shot by distinguish it from splinter groups which boycotted the polls, espec hi himself could nevertheless come ly the United Akali Dal led by Baba

Wild projections make China's statisticians figures of fun

BY ROBERT THOMSON IN PEKING

try's trade deficit will be supported by trade deficit will be supported by the statistics and all four - the for error in all Chinese commercial trade statistics, and all four - the statistics and all four - the state statistics. try's trade deficit will be \$18bn in tradictory and often inconsistent.

year's trade deficit. The Statistical produced the same estimate. The Bureau reportedly stood by the fig-people's Bank of China estimated ure, but the official news agency, that the country ran a trade sur-Xinhua, said its report on the delicit forecast "contained inaccuracies in facts and figures."

Diplomats also agree that the figment measures to slow imports and "This figure is wrong," a Western

AN EMBARRASSING calculation – diplomat said. "I can't understand surplus in its favour when the Chior miscalculation – by China's State why they released it." Diplomats ness themselves did not seem to be Statistical Bureau that the countrick of the countrick of

tions and Trade, the State Statistiwrong, but is not prepared to provide an estimate of its own for this trade deficit last year, though none

China had a deficit of \$6.4bn, the

tabulation to a lack of suitable technology and a shortage of expertise. The U.S. and China both claimed

deficits in bilateral trade for 1984, The Ministry of Foreign Economical Bureau, the Ministry of Customerical Bureau, the Ministry of Customerical Bureau, the Ministry of Customerical Bureau figure is grossly and the People's Bank of China and Trade claims the toms, and the People's Bank of China and Trade claims the strate through Hong Kong as China trade, which the Chinese exclude wrong, but is not prepared to protein the four calculated that China had a from their calculation. There are similar disputes with several other The latest statistical gaffe is par-

able to agree on how much the defi-

ticularly embarrassing for the Chiplus.

For the first half of this year the Ministry of Customs estimated that statistical honesty and accuracy for the sake of credibility. A recent artiure is inaccurate, and suspect that Foreign Economic Relations and cle in the weekly Peking Review by simply extending a line on a graph, perhaps using a high import growth rate from last year, without taking into consideration government measures to also state and the State Statistical Sham," and condemned outrageous statistical claims made during the 1950s. At that time 19 provinces claimed to be a statistical claims and condemned outrageous statistical claims made during the consideration government measures to also statistical claims and condemned outrageous statistical claims made during the condemned outrageous statistical claims and condemned outrageous statistical claims and condemned outrageous statistical claims made during the condemned outrageous statistical claims and condemned outrageous statistical claims and condemned outrageous statistical claims made during the condemned outrageous statistical claims made during the condemned outrageous statistical claims made outrageous statistical claims made during the condemned outrageous statistical claims made during the condemned outrageous statis condemned outrageous statistical claims made during the condemn Another diplomat expressed frus-tration at his country being berated by the Chinese for having a trade by the Chinese for having a trade

Deficit. 'may limi extent of decline'

By Max Wilkinson in London

FURTHER depreciation of the dollar may be limited unless the U.S. makes a more fundamental attack England says in its latest quarterly bulletin published yesterday. The bulletin hinted at the need

for a co-ordinated policy of economic expansion outside the U.S., provided that did not create inflation-

The bulletin was drafted before the Group of Five decided on a con-certed effort to push the dollar down, but with the knowledge the meeting was to take place.

It implies that intervention in the foreign-exchange markets will be of limited effect without more radical measures, and a reversal of investment sentiment towards the dollar.

"A sustainable U.S. current account requires depreciation in the dollar and substantial cuts in the structural components of the U.S. budget deficit," the British central

"The alternative of relief to the U.S. external position from faster growth in Europe and Japan may all for co-ordination of measures to open markets and ease macro-economic policies in those countries in which cost pressures pose no seri-

Details, Page 8

Yen advances as \$ slips in wary markets

BY MAX WILKINSON IN LONDON AND JUREK MARTIN IN TOKYO

THE DOLLAR fell again yesterday exchange markets buzzing with rumours that central banks were intervention

The main focus was on the relationship between the dollar and the yen after it emerged that that had been the main concern of ministers and central bankers at the fivepower meeting in New York on

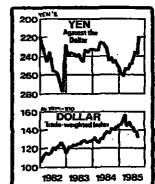
In London, the dollar closed at Y220.2, down from Y226.9 on

In European trading, there was little evidence of heavy intervention against the dollar, although the Bank of Japan has spent about S1.5bn in supporting the yen this

The dollar continued to lose some ground against European currencies, closing in London at DM 2.66, 2 pfg lower than on Wednesday. The

Earlier yesterday, the Bank of Ja-pan made clear that it expected the dollar to fall below Y220, a level it approached during unusually heavy trading in the Far East.

In Tokyo, the dollar had closed at Y222.80 having at one stage been as low as Y221. A senior official of Japan's central bank, commenting on the day's movement, said he was



"not yet satisfied" with the yen's rate. But he denied a newspaper report that said the Bank of Japan had established a "target" zone of Y200 to Y210.

He confirmed, however, that the Bank of Japan had remained active pound also slipped to finish at in the market, selling dollars in un-\$1.4385, 15 points lower on the day. specified amounts and nudging up specified amounts and nudging up short-term interest rates, which were in any case moving higher beat the end of the first half of the

The official indicated that finance ministers and central bank gover-Continued on Page 20

Wall St still doubts Fed's commitment to intervention

BY WILLIAM HALL AND PAUL TAYLOR IN NEW YORK

A SERIES of central bank interven- more than 5 per cent - its sharpest year coincided with the topping out tions in the foreign-exchange markets, already believed to total up to \$4bn, has swept through the finan-cial markets like a tidal wave. In the wake of the weekend Group of Five finance ministers

meeting, the dollar has tumbled while Wall Street stock and bond prices have been sent on a rollercoaster ride as the markets have tried to assess the impact of the week's dramatic events. But even now, there is deep

likely longer-term success of the ap- a macho way - trying to test the hikely longer-term success of the apparent attempt to drive the U.S. corrected lower. Wall Street doubts that the U.S. are central bank's resolve," one New thorities are intervening, Professor ncy lower. Wall Street doubts that even continued massive central bank intervention on its own will change traders remain unconvinced are just "buying time." He adds: "It force the dollar substantially lower: about the Federal Reserve's deterindeed, many traders express fears mination to intervene in the mar-

On Monday, the dollar fell by tral bank intervention earlier this

one-day decline ever. But despite of the dollar. Since then, the U.S. the decline, New York bank foreign-currency, on a trade-weighted baexchange traders point out that the currency is still only about 10 pfencent. They believe that might have pigs lower against the D-Mark than a month ago. While the decline in the dollar on

authorities to push the dollar lower either via aggressive intervention

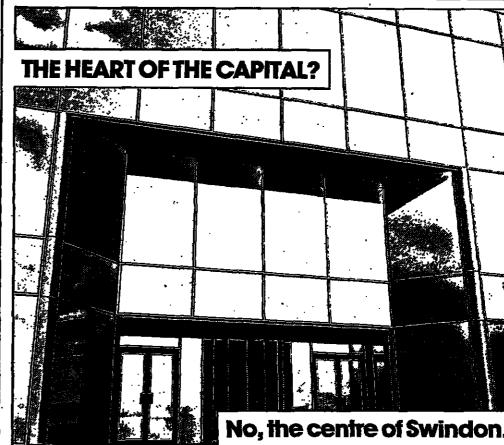
the last round of co-ordinated cen-

encouraged the U.S. authorities to But despite the massive central-

Monday was substantial, New York bank intervention this week, Wall foreign-exchange traders still be-lieve that the determination of the level of U.S. participation. "We level of U.S. participation. "We know the European central banks will act." one dealer said. "but or lower interest rates - has to be whether the Fed will carry its share scepticism on Wall Street about tested. The market has reacted in of the burden is an open question."

Crucially, Wall Street foreign-exer of Barclays Bank, believes they Harold Rose, chief economic advis such action might seriously disrupt kets. They do, however, accept that duce a permanent downward swing not a policy in itself. It will not pro-

Continued on Page 20



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Britain 8, 9	Men and Matters
Companies 26, 28-30	Money Markets
	
	Property

....... 19

peace 5 coinage 19 Technology: curbing the Lombard: warning against

new breed of manager ... 15 & Allen; Vickers 20 Editorial comment: Japan; Survey: Canadian banking

CONTENTS -

Andorra: the hole in the EEC Trade: services take the

Jordan: the last chance for UK: the changing face of

Management: Courtaulds' Lex: Richardson-Vicks: Mills

UK Labour party 18 and finance Section III

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Europe's loose-end is intent on carving out an independent future. David White in Madrid reports

Andorra's 'plastic bag economy' put at risk

FROM January next year, the map of the EEC will have a a blind eye at the customs post, small hole in it. Right where A footnote in the Comthe new members join the old is a bit of the Pyrences that is waiting to know where it

ket, but not considered to be a fully-fledged third country, Andorra is a loose end of the enlargement process that still has to be dealt with.

A network of deep mountain walleys, slightly smaller than the Isle of Man, it always lived a curious in-between status which has kept it from the clutches of France and Spain. With its tax shelter, its sking, and above all its low-duty, no VAT supermarkets, post-war Andorra has gone from rags to

riches.

The "plastic bag economy" has turned the capital, Andorra la Vella, into a giant emporium. The country's population, now something over 40,000, has trippled in 20 years.

With Spain's entry to the EEC, however, Andorra's livelihood is now at risk. Spanish incorporation into the EEC customs union will whittle down the difference between what Spaniards pay for imported goods at home and the prices they obtain in Andorra. It will also call into question the way the Spanish authorities

A footnote in the munity's enlargement terms gives a two-year period for a waiting to know where it new customs deal to be worked ands.

Not part of the Common Mar
Pt. but not considered to be sweat. Austerity in Spain has already provoked a crisis in commerce over the last two years. One wholesaler said demand had dropped 25 per cent a year,

As a tax haven and mountain resort. Andorra has other strings to its bow — banking, leisure and possibly light in-dustry. Its profile as a financial centre, however, has been kept low to avoid trouble with Paris or Madrid, and its potential for filling its 250 hotels with tourists rather than shoppers from Barcelona is limited by the lack of a commercial airport.

Different

Andorra is not the smallest of Europe's small countries, but it is certainly the oddest. "We have arrived at the conclusion that we are completely different from all the others," says Sr Josep Pintat, its head of

It is an anomaly not only in being a feudal state, but in having two feudal lords. A 13th-It will also call into question contury compromise leaves obtain the attributes of a the way the Spanish authorities modern Andorra with two modern state, and resisting have effectively been keeping unevenly-matched "co-princes." being treated as an appendage



One is the President of France, the other a Spanish bishop down the valley in Seo D'urgell. Later this year, Andorra will pay its ritual tribute of FFr 940 (£79) to M Francois Milterrand, the "French co-prince."

Next year, as in every even year, it will pay Pta 450 (£1.90) to its "episcopal co-prince." This arrangement - which vests sovereignty not in France and Spain but in two individuals -might be just a quaint his-torical quirk were it not for the ilemmo it creates for Andorra's

elected authorities.
The statute of 1278 says nothing about who represents Andorra abroad. Predating the dates international relations. Monaco and San Marino have limits placed on their foreign policy. Andorra does not have a foreign policy. Its Govern-ment, frustrated in its desire to

It is an anomaly not only in being a feudal state but in having two feudal lords

of France, wants to negotiate with the EEC but cannot do so

in its own right.

Sr Pintat, who mounted a campaign on the issue and thereby created the only element of consensus in Andorra's peculiar politics, went to see M Mitter-rand in July.

Agreement was reached on sending Brussels a tripartite delegation, with Andorra's representative flanked by those of its two guardians.
As to the terms he will seek,

Sr Pintat is typically guarded:
"Andorra has not defined what it would accept or what it would not accept." No concrete talks have in fact taken place, but the Andorrans are happier about the prospect

of getting a fair deal. France, Spain and both co-princes have all, at different periods, claimed the right to speak in Andorra's name. It

in recent years questioned the and order, remain in the hands

French and Spanish school systems exist side by side in Andorra, as do French and Spanish postal services, with the internal service provided

Although they look down on the Spanish, Andorrans are closer to Spain. Geographically, culturally and economically, the valleys face south. The official language is Catalan, and while most of the goods come from France, commerce is geared primarily to Spain. Spaniards form the largest community and Andorra plays in the Spanish football league.

Bothersome

Madrid now favours giving more powers to the Andorrans, a prospect which French officials regard as potentially bother-

Pressure for a more modern constitution led to the first separation of powers in Andorra four years ago, with the creation of a head of government.

He is responsible to the 28member Consell General, a parliamentary body dating from the 15th century which had pre-viously exercised both legislaobtain the attributes of a has often been considered that tive and executive functions, modern state, and resisting France's engagements covered But only the consell's powers being treated as an appendage Andorra. But the bishop, backed have been separated. Other

General Motors Overseas Commercial Vehicle Corporation,

P.O. Box No. 3. Luton LU2 OSY.

by the Spanish Government, has important powers, such as law of the co-princes.

> Reform has since become bogged down. Ultimately, the issue boils down to the role of the co-princes, an institution which Andorrans cherish for having guaranteed their autonomy over the centuries and which they would be reluctant to abandon

The Andorrans are a canny mountain people, and deeply conservative. Nationality laws—recently liberalised to end discrimination between sexes and between those born before or after 1975—are still strict. Only one in four is an Andorran national. Foreign company ownership, although eased in some sectors, is tightly

Political parties do not exist and, according to Sr Pintat, may never do "as they are conceived in other countries." Trade unions are outlawed. Strikes are illegal. And civil marriage has yet to be introduced.

Last year, Sr Pintat's predecessor planned to impose taxes on property transactions, banking and company registration in order to give Andorra more financial muscle. He failed to gain the necessary support, resigned and his plan was shelved.

Change may be on its way, but Andorra is in no haste.

Basque groups call general strike in wake of shootings

BY DAVID WHITE IN MADRID

province of Guipuzcoa and a day of mourning in other basque provinces after the murder in Bayonne, south-west France, or four men identified as members of the ETA terrorist organisa-

rootesters cut off roads in the region yesterday as French police tightened border controls.

The shootings, in a Bayonne bar on Wednesday night, brought to 42 the number of violent deaths related to the Spanish Basque conflict so far this year, including 10 attributed to the special and Anti-terrorist. ted to the so-called Anti-terrorist Liberation Groups (Gal) in the French Basque region. A llerri Batasuna spokesman accused the Spanish and French governments of being behind the

killings. Sr Jose Antonio Ardanza, head of the autonomous Basque government, warned afterwards probable reprisal attacks by ETA. Sr Ardanza, who belongs moderate Basque papers.

THE extremist Basque party
Herri Botasuna and other
groups have called a general
strike for today in the border
province of Curiovana and other
strike for today in the border
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strike for today in the border
province of Curiovana and other
strike for today in the border
strike for today in the border strike fo

The Basque branch of Spain's ruling Socialist Party also condemned the killings and said they were "not the way to-wards peace." Two men were arrested by

French police after the shooting, both alleged to be connected to the Marseille underworld. While Gal's links with the underworld and with former activists of the OAS (Secret Army Organisation), which fought French withdrawal from Algeria, have been firmly established, its relations with

Spanished, its spanish security forces remain a murky question.

The attacks by Gal, which emerged under its present name two years ago, have added to an atmosphere of inscrurity among atmosphere of insecurity among the several hundred Spanish Basques living across the border, ahead of a threatened French crackdown on renewal of their provisional residence

Trade boost for Spain

BY OUR MADRID CORRESPONDENT

enjoyed a boost in July, with the seven months were ? per imports and exports close to cent down in dollar terms at equilibrium, according to provisional figures.

The result accumulated of left the accumulated deficit since January at \$3.35bn (£2.4bn), bringing the increase over the same period last year to just

same period last year to just over 2 per cent.

The timing of crude oil purchases was the main factor behind a 20 per cent drop in July imports compared with the same month last year. Total imports for the first seven months were 5.3 per cent lower at \$18.73hn.

trade performance little growth in volume, and for cent down in dollar terms at

There is therefore no sign yet of the foreign sector regain-ing the locomotive role it played in Spanish economic growth last year. Furthermore, the trade figures show a fall-off in purchases of capital equipment from abroad after an increase earlier in the year, which was seen as a tentative sign of

The Spanish Government has already brought down by a full percentage point its initial growth forecasts of 3 and 3.5 Exports meanwhile were 7.7 growth forecasts of 3 and 3.5 per cent up in July but showed per cent for this year and next

Greek Premier to set up national security council

BY ANDRIANA IERODIACONOU IN ATHENS

Prime National Security Council, under is chairmanship, to copolice, intelligence and counterattempt to quell a rising tide of rumour and speculation over terrorist and espionage activity

The Prime Minister made the announcement after a Cabinet meeting which discussed dom-estic security in light of the arrest this month of several people on charges of terrorism and spying for the Soviet Union. One of the arrests caused a furore when it was confirmed that the suspect had worked as an informer for the security services since 1978, tipping off the police on bombs which he himself is now thought to have

planted. The espionage arrests were widely linked in the press to the defection to the U.S. at the end of last May of Mr Serget Bokhan, First Secretary at the Soulet Embassy in Albana May Soviet Embassy in Athens. Mr Bokhan reportedly revealed de-tails of Soviet spying activity in

Minister Greece during his de-briefing. Andreas Papahdreou yesterday

Dr Papandreou said yestermnounced the setting up of a

day the Greek Government had asked the American authorities to be allowed to interview the the reply so far has been "negative." The U.S. Embassy in Athens had no comment yes-terday on the Prime Minister's ditte

disclosure.

The Greek Premier also called for an end to "pre-fabricated" press reports linking the Bohan case with a con-famed delay in the Pentagon's firmed delay in the Pentagon's approval of the sale of 40 F-16 jet fighters to Greece. Washing-ton, which says it has become aware of military technology leaks from Greece, wants to sign an agreement guarantee-ing the security of military technology against transfer to third countries such as the Soviet Union, before clearing

Discussions were launched in Athens this week between the Greek Government and a team of Pentagon and U.S. State Department officials, aimed at reaching an agreement on the general accordance. general security of military

Danish Government plans to help shipyards

BY HILARY BARNES IN COPENHAGEN

THE Danish Government expected to announce shortly measures to belo the Danish shipyards, which have not received a single new order so far this year.

Orders have dried up following a decision by the Government last December to abolish ment last December to aboush
a longstanding system which
made ships an advantageous tax
shelter investment for Denmark's hard-pressed taxpayers.

The Government, however, is not prepared to reintroduce the former system, which enabled investors to write off 90 per cent of their investment over three years against their personal income. As the investor personal income. As the investor normally had to make a down normally had to make a down payment of only about 25 percent of the total amount of his investment, there was a cash flow benefit arising from a veduction in tax liability. reduction in tax liability.

Instead, the Government plans to extend from 12 to 14 years to extend from 12 to 14 years the maturity of loans given to shipowners through the Danish state ship mortgage institute. The grace period, with no loan tension from the programment will be the formula from the comments will be the repayments, will be raise from two to four years.

There will also be improvements in the terms on which the shipperds can acquire pre-financing for the ships they are building and there will be changes in the rules for collateral against which mortgage loans are made.

A. P. Moller, the Danish shipping company, has just placed an order for four new offshore supply ressels with a Dutch

The company was not precomment

reasons for the move, but in political circles no one is in doubt that the action was intended to emphasise that Moller regards the measures planned by the Government as inadequate. Moller owns one of Denmark's business white the control of the c Denmark's biggest shipyards itself.

 The Danish Government still intends to ensure that the current balance of payments is brought into equilibrium by 1988, Prime Minister Poul Schlueter said.

Doubts about the Government's commitment to the 1988

ment's commitment to the 1988 target were raised in the Press yesterday following the prelimination These showed a deficit of DKr 650m (£46.4m) and took the deficit for the year so far to DKr 7.9bn from DKr4.8bn last year. last year.

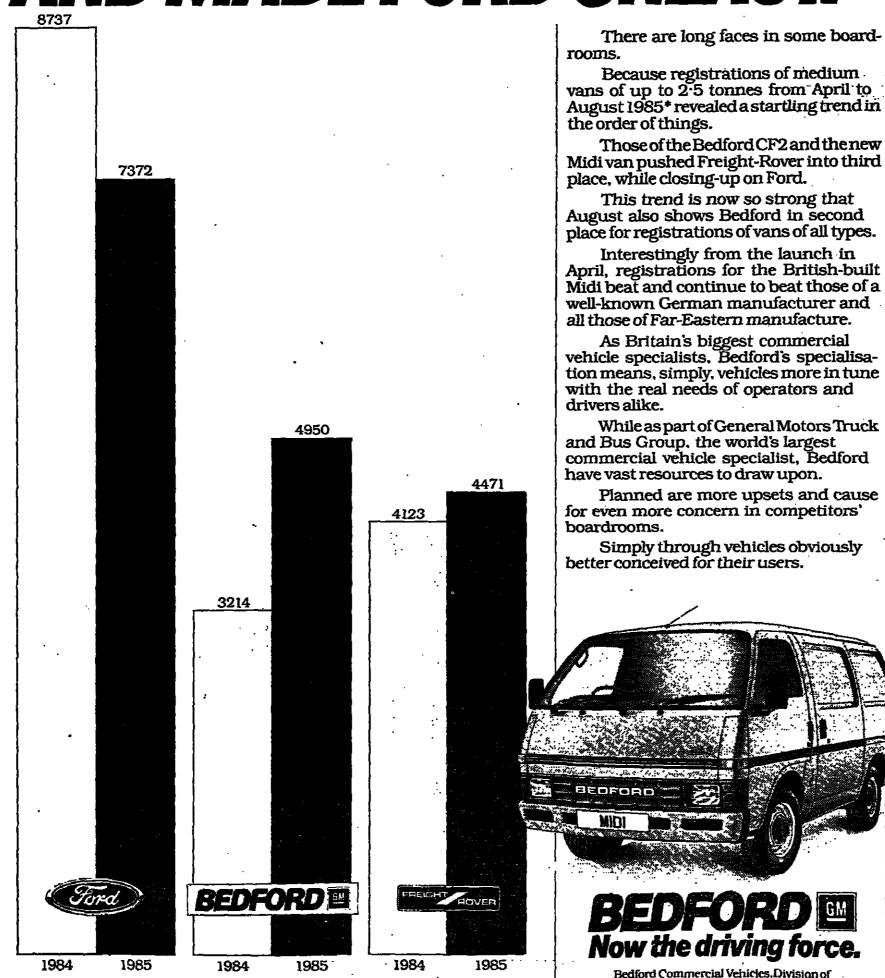
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HOW BEDFORD HAS AND MADE FORD UNE



*Source: Society of Motor Manufacturers and Traders. Cumulative registrations of medium

vans up to 2·5 tonnes April to August 1985, against 1984.

W. German opposition calls for spy probe

WEST GERMANY's opposition Social Democrats yesterday stepped up their campaign against Herr Friedrich Zimmermann, the Interior Minister, by mentary investigation into the summer wave of spy cases.

The decision to table a motion to set up a special Bundestag committee was taken Bundestag committee was taken by the SPD's parliamentary party. Given that the 193 Social Democrat members in the Bundestag constitute far more than the 25 per cent approval required for such a committee to be set up, there is scant doubt that the motion will be successful when it comes to a vote next Thusday.

Although Herr Zimmermann has come under fierce fire for his action—or rather the lack of it—over the string of defections since early August to the East bloc he has shown no sign of acceding to demands for his resignation.

If precedent is anything to go by, the investigating commit-tee, barring sensational dis-closures, is unlikely to be any more successful.

nei

However, the SPD's tactical goal is to keep the spotlight on an issue which has done little good to the centre-right coalition for as long as possible in the run-up to the next federal elections, set for early 1987. Herr Willfried Penner, the deputy SPD parliamentary leader, said last night that the committee's work might con-

tinue until the summer break The intention was for "fully public" hearings, at which officials and Herr Zimmermann would be called to testify about what Herr Penner called "a spy network unprecedented in the history of the Federal Republic."

The number of spies-con fessed or suspected-who have disappeared since the scandal began is now at least six. Most East Germany of Herr Hans-Joachim Tiedge, a senior official of the West German counter-espionage service.

Burt attacks SPD talks on N-free zone

By Leslie Colitt in Berlin

THE NEW U.S. ambassador to West Germany, Mr Richard Burt, yesterday warned that if the Western allies were de-prived of their nuclear weapons in Europe it would amount to abandoning West Berlin and Western Europe to the Soviet

nion.

Shevardnadze, the Soviet
Foreign Minister, to the UN in Burt directed his fire at "tho who would overcome deterrence " by creating nuclear free zones, withdrawing American forces or denying allied forces the ability to counter-attack.

He said that in so doing they abandoned " West Berlin and "ultimately all of Western Europe in the mercy of the Soviet Union."

Herr Willy Brandt, chairman of the opposition Social Demo-crats (SPD), agreed last week with East Germany's leader Herr Erich Honecker to begin negotiations in November on the creation of a zone in Europe free of nuclear weapons.

A senior SPD official said he was dismayed by Mr Burt's views. The official suggested that an ambassador should "not take sides" in the domestic political debates of his host

He remarked that one of the virtues of the recently retired U.S. envoy to Bonn, Mr Arthur Burns, was that he had refrained from commenting in public on such issues. Mr Burns he noted had frequently met with Herr Brandt with whom he was an excellent terms although was on excellent terms although they disagreed on a number of political issues.

After taking up this post as Ambassador earlier this month, Mr Burt paid a courtesy call on Herr Brandt last week which the SPD official described as being "diplomatically cordial."

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Fabius pressed by Right to quit

BY DAVID HOUSEGO IN PARIS

tion yesterday stepped up demands for the resignation of M Laurent Fabius, the Prime Minister, after his broadcast on Wednesday blaming M Charles Hernu, the former Defence Minister, for the sinking of the Rainbow Warrior was widely judged to have been unconvincing. Within the administration,

however, the view was that President Mitterrand would have nothing to gain from switching Prime Ministers only six months in advance of the Parliamentary elections. None-theless any further weakening of M Fabius's authority as a result of fresh revelations could transform him into a liability to the Socialists in advance of

Demands for M Fabius's resignation came not only from the

opposition leaders. They were also made by three widely differing radio and newspaper columnists reflecting the dis-credit in which the administration has fallen. M Jean Daniel, editor of the pro-socialist weekly, the Nouvel Observateur. said that M Mitterrand should either change his government or call a referendum on an issue relating to France's nuclear deterrent as a way of reinforc-ing his authority.

The hope within the Govern-

ment and Socialist party is that the controversy will now begin to abate. If there are no fresh revelations damaging to the Government's version of events,

FRANCE'S right wing opposite the pressure on M Mitterrand intends himself to Saulnier has denied, however, tion yesterday stepped up to drop him.

M Mitterrand intends himself to Saulnier has denied, however, speak on the affair in about ten any knowledge of plans to blow speak on the affair in about ten any knowledge of plans to blow. days. A possible occasion for this would be the tour of Britanny he is scheduled to

make in early October. Nonetheless the Prime Minister's explanations on Wednesday have still left a series of unanswered questions which could explode in the Government's face at any moment.

The most important of these questions is the role of General Jean Saulnier, the chief of staff of the armed forces and formerly the chief of the President's military staff, in the Greenpeace operation. General Saulnier was said by the official (Tricot) committee of inquiry to have given budgetary approval for the funds needed for the operation. General

up the Greenpeace organisa-tion's protest vessel in Auckland harbour on July 10.

Another area where the Government is vulnerable is in the allegation that both President Mitterrand and M Fabius knew the substance of the DGSE's involvement as from

Meanwhile, a French court yesterday formally charged five military men with threatening national defence by leaking information to the press about the Greenpeace scandal.

The men were identified as Col Joseph Fourrier, Captain Alain Borras, warrant-officer Richard Guillet, master-sergeant Bernard Davier, and Gendarmerie Captain Paul Birril.

the more successful collector of significant material because of its overall scientific orientation and bolder operational style.

they have gained from material collected and sends it to the Prime Minister and the central committee of the Communist

rand Government which might have obtained it about the time

it expelled the 43 Soviet officials

pulls out of Noumea election

Le Pen

THE FAR-RIGHT National Front withdrew yesterday from elections in New Caledonia, saying it did not want to split the French loyalist vote against Melanesian militants demanding independence for the Booist territory. dence for the Pacific territory. Reuter reports from Nourmea.

The withdrawal of the front's candidates from the marginal Centre Region in favour of the better placed neo-Gaullist list was announced at a Noumea rally by the party's national presi-dent, M Jean-Marie Le Pen-

Mile Pen made it clear that the decision was a reluctant one, "taken essentially in the higher interests of France."

He attacked the former premier M Jacques Chirae, the neo-Gaullist leader who also has campaigned, for refusing to form a joint list of candidates to combat what he called the Marxists of the separatist Kanak Socialist National Liberation Front (FLNKS).

Each year, the U.S. study claims, the VPK publishes a report based on individual ministries assessment of what With two days to go before voting in the territory's four regions, the capital was calm regions, the capital was calm yesterday after a night of violence when two bombs ex-ploded and a bakery belong-ing to a prominent European A partial VPK assessment of gains in aviation from Western technology did appear earlier this year in the French Press, apparently leaked by the Mittersettler was destroyed by fire. There were no injuries.

The Melanesian eparatist leader M Jean-Marie Tjibaou said France's admission that its agents sank the protest ship Rainbow Warrior would help his movement's drive for

He told a press conference that the Rainbow Warrior affair was going "to mobilise the countries of the Pacific to support us in the Pacific Forum and above all at the United Nations."

BY PATRICK BLUM IN VIENNA THE U.S. is threatening to pull the resolution since it would out of the International Atomic curtail Israel's rights within Energy Agency if a hard line the agency which, U.S. officials resolution caling for sanctions say, undermines the "univesagainst Israel is passed today. sality principles" of the organis-

U.S. threatens to

walk out of IAEA

over sanctions bid

year are targeted at about \$30m.

gation said.

"If that happened the agency

This, however, failed to con-

vince Iraq and several other

on Israel to withdraw such threats and the IAEA to with-

A senior member of the U.S. ation. U.S. officials, however, hope U.S. officials, however, hope that the resolution will not win the necessary two-thirds majority needed for votes affecting member states rights and privileges. "We expect it to be a close vote," one U.S. official said yesterday. the U.S. would walk out of the conference, pull out of the agency and withhold its funds to the agency, if the resolution proposed by Iraq against Israel is passed. If that were to happen it would be a serious blow to the agency.

Speaking on behalf of the Israeli delegation Mr Uzi Eilam said yesterday he had been asked by his Government to make clear Israel's belief that The U.S. provides 25 per cent of the agency's normal budget of about \$100m and of all voluntary contributions which this all states should refrain from attacking nuclear facilities and that Israel "will not attack or couldn't operate some of its basic programmes." a member of another major Western delethreaten to attack any nuclear facilities devoted to peaceful purposes either in the Middle East or anywhere else." This includes Iraq, he said.

It would be the U.S.' second walkout from the agency. Three opponents of the Iraqi resovers ago it temporarily with drew and threatened to pull resolution from a group of out permanently if sanctions Scandinavian countries will were applied against Israel fold draw enough support to ensure lowing an Israeli attack against the Iraqi resolution's defeat. an Iraqi nuclear installation in This accepts the Israeli state-1981. ment made earlier in the week
Earlier this week the Israeli and calls on Israel to open its delegation sought unsuccessfully to diffuse the row by

safety inspections. runy to tinuse the row by circulating a letter stating that Israel would not attack or threaten to attack nuclear installations used for peaceful A resolution against South Africa poses similar problems for the U.S. delegation since it also involves curtailing South Africa's rights in certain IAEA activities. U.S. delegates here refuse to say how they will respond to the resolution tabled Arab states, which have pro-posed a resolution which calls

by the group of African states. This is expected to win majority support. Delegations hold agency research contracts majority support. Delegations to Israel, to discontinue the purchase of equipment and are seeking to co-ordinate their materials from Israel, and to response and some, including refrain from holding metings Britain, are said to favour abstaining rather than voting

Light shed on Russia's industrial spies

THE LATEST U.S. Government THE LATEST U.S. Government report on Soviet acquisition of militarily useful Western technology sheds light on the top co-ordination in Moscow of illegal information-gathering, and highlights the problem for Western governments in extending legal controls.

Just as the U.S. report was released last week, the Parisbased Co-ordinating Committee (CoCom) in which Nato countries and Japan set joint export controls on technology sales to the Soviet bloc, acquired a 16th member—Spain.

But, despite this geographical extension of CoCom controls that were tightened last year, about 70 per cent of the militar-ily most useful hardware and documents acquired by the Soviet Union in recent years were "export controlled, embargoed, classified or under some control by Western governments," the U.S. report

Britain recently dramatised the

Oman and Moscow to

exchange ambassadors

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union and the Sul-

tanate of Oman are to establish

diplomatic relations according

to a joint communique issued yes creay in Moscow.

The exchange of ambassadors is a breakthrough for Moscow which has hitherto had no em-

bassy in any of the Arab oil states of the western Gulf apart

It may open the way for Soviet diplomatic relations with other Gulf states such as the

Agreement on the establish-

ment of diplomatic relations between the two countries came during the visit of Mr Eduard

Yusuf bin al-Alawi, his Omani

opposite number.
The Soviet news agency Tass also said yesterday that there has been an exchange of messages between the Soviet leadership and Sultan W Qaboos, the

The decision to exchange am-

bassadors with Oman is all the more significant because, in the

past Sultan Qaboos has been among the most anti-Soviet of

THE Soviet Union recorded a \$3.07bn trade deficit with the West in the first half of 1985, with Western economic

lyss, with western economic experts attributing the short-fall to sharply lower oil and gas sales and a weaker dollar, Reuter reports.

The deficit, revealed in figures released yesterday by

the Foreign Ministry, com-pared with a \$772m surplus

The figures showed the trade deficit narrowed to

United Arab Emirates.

from Kuwait.

ruler of Oman

A top Soviet intelligence official defected to the West in Rome this summer, an American television network said last night, Reuter reports. Reuter reports.

Quoting intelligence officials in Washington, NBC News said the defector, Mr Vitail Danrichenko, had detailed knowledge of operations by the KGB, the Soviet intelligence agency, in the U.S., Western Enrope and Latin America. The State Department had no comment on the report.

industrial espionage by expelling 31 Soviet officials in its ninth such action since 1981. Such expulsions have generally risen in recent years—1983 was the high point when 25 countries expelled 141 Soviet officials for

unspecified activities. The new report updates one done in 1983 by the Central Intelligence Agency, and pre-sumably has the same authors. But it was released this week by the U.S. Defence Department, which has been the leading hardline proponent of tighter technology export controls both by the U.S. and by CoCom.

The latest study sheds parti-

His decision to exchange am-

bassadors with Moscow is an

indication that since 1979 fear of the Iranian revolution and

the Ayatollah Khomeini has largely displaced fear of the Soviet Union in the minds of

Arab Gulf leaders.
In Iraq's war with Iran the
Soviet Union has long been
Baghdad's main arms supplier

and the quipment is partly paid for by large subsidies in cash

Arabia and Kuwait.

and oil allocations from Saudi

Relations between Saudi Arabia and Moscow have re-cently become warmer but the

decision by Oman to move before its neighbours grouped in

the Gulf Co-ordinating Council (Saudi Arabia, Kuwait, Bahrain, Qatar and United Arab Emirates) is likely to cause some surprise in the Arab

In the immediate aftermath of the Iranian revolution in 1979 Oman agreed to the con-

struction of airfields and other facilities by the U.S. for pos-sible use by a rapid deployment

force. In return the U.S. pro-mised increased aid.

they had expected a greater improvement.

Moscow's deficit with the U.S. in fact rose sharply in the

second quarter, nearly doubling to \$2.25m, due almost entirely to record grain sales to make up for poor Soviet

Gas and oil together account for some 75 per cent of Moscow's crucial hard

currency earnings, but the

there two years ago.

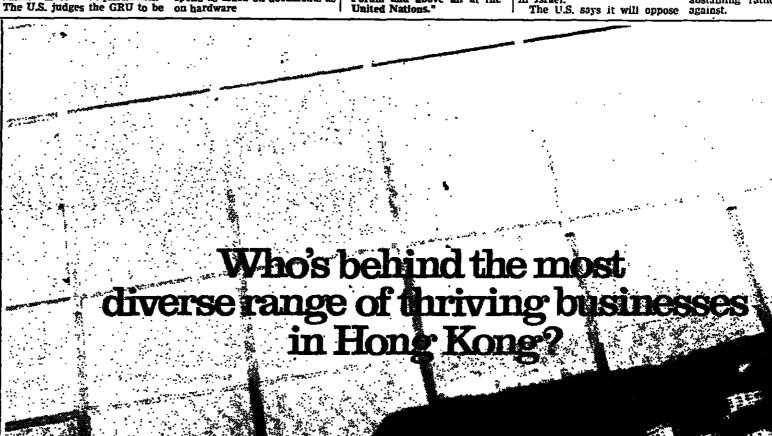
According to the U.S. report, the VPK translates requests for Western hardware and docu-ments, from the nine defencerelated ministries represented on it, into lists of "collection

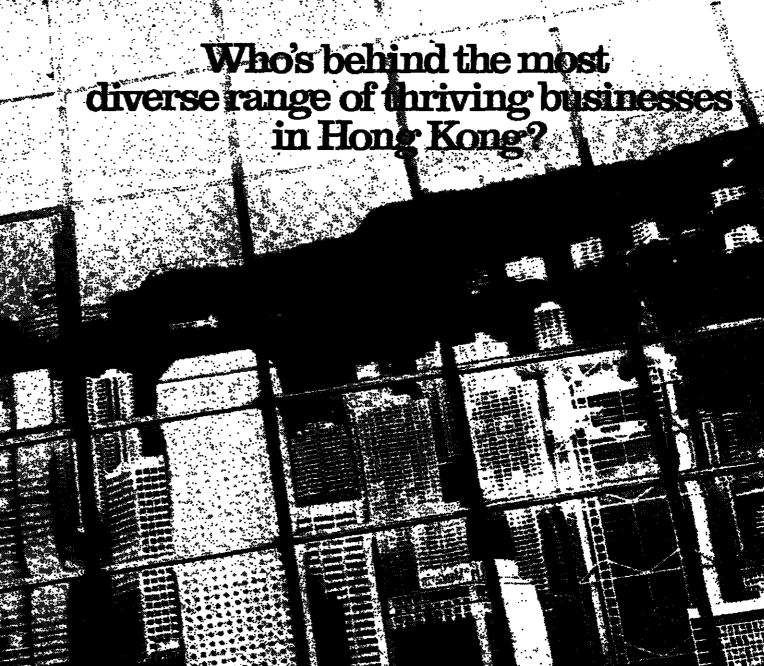
GRU military intelligence to fulfill these "requirements."

cular light on the activities of Moscow's Military Industrial Commission (VPK by its Russian initials), probably culled in part from revelations in France that led to 43 Soviet officials being expelled from

It then turns to the KGB and

two years ago. In the late 1970s at least the VPK had an annual 500m rouble budget for special purchases of Western technology, and, so the U.S. study claims, was ready to spend as much on documents as





. HINES

experts noted that Soviet oil production has been stagnant \$918m in the second quarter from \$2.15bn in the Januaryor declining for over a year as deposits become harder to March period, with exports rising faster than imports. However, the experts said extract, while gas sales have also dropped this year.

Italian employers, unions

Soviet trade gap grows

discuss wage system BY JAMES BUXTON IN SOME

ITALYS EMPLOYERS and trade union leaders yesterday began talks which both they and the Government hope will lead to a major reform of wage indexation and other important changes in employment conditions in the next few weeks.

The talks are the first involv-

ing the two sides since February 1984, when the Government made a modest once and for all cut in the workings of the scala mobile wage indexation system.
That cut helped bring down inflation but provoked intense opposition from the Communist

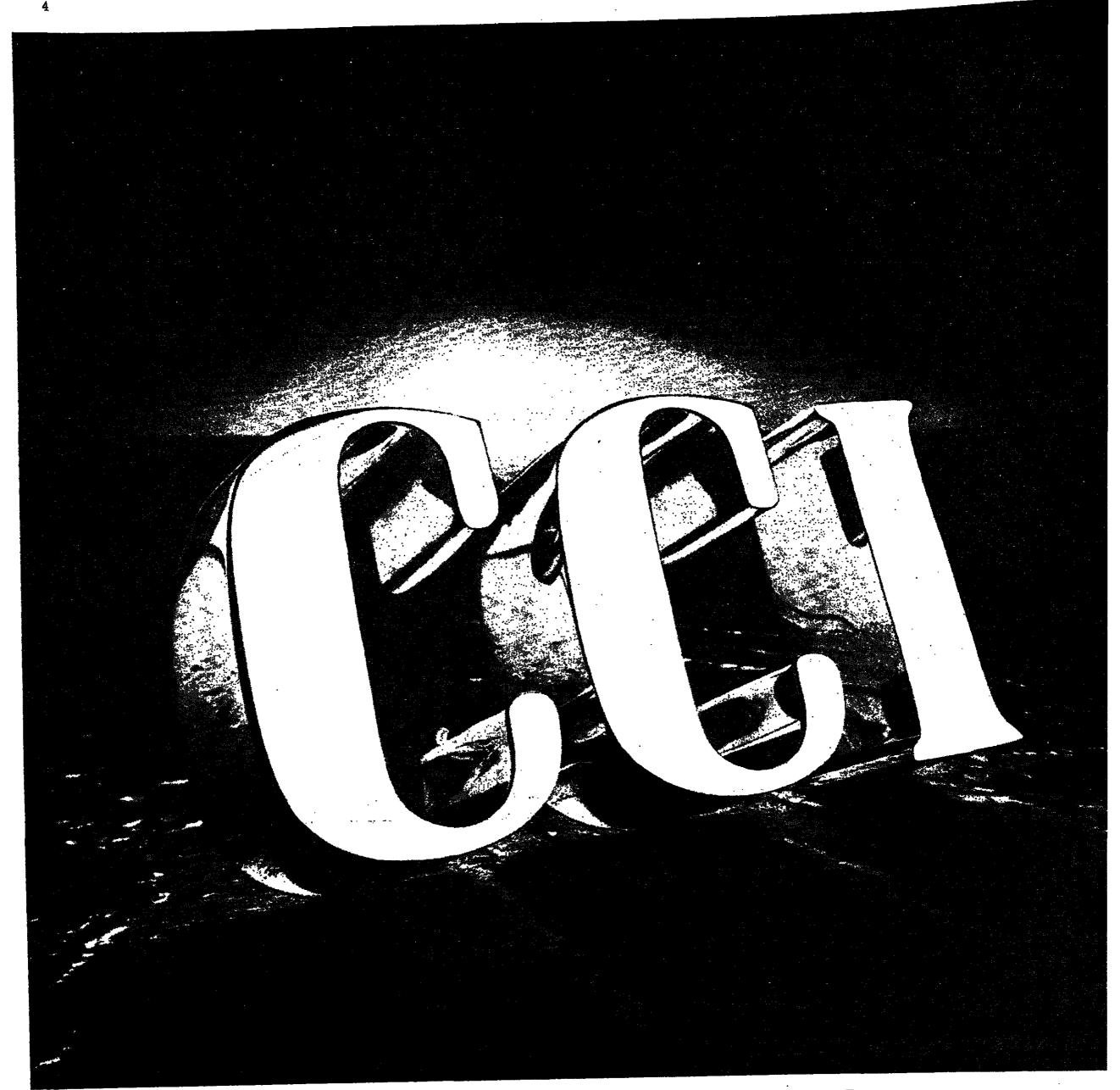
opposition from the Communist party and the Communist wing of the CGIL union. But a referendum on the issue in June saw the Communist point of view convincingly defeated.

Since then relations between Confindustria. The main every six months instead of every three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the every six months instead of every three months, but differ on ways of reducing the every three months, but differ on ways of reducing the every six months instead of every three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months instead of every three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months, but differ on ways of reducing the avery three months instead of every three months, but differ on ways of reducing the avery three months instead of every three months instead of every three months, but differ on ways of reducing the avery three months averaged in the inflation rate (now a little over 50 per cent) and of giving more scope to wage bargaining and pay differentials. Confindustria, the main The unions are pressing for employers association, and the 100 per cent coverage against three unions, CGIL, CISL and inflation for the lowest-paid wor-UIL, have mellowed while the kers, but coverage for other unions have themselves reached a common negotiating position. the present system offers.

The employers last June pressed the union to start negotiating by giving notice that from next February they will cease altogether to pay wage increases according to the scala mobile—unless the mechanism is reformed with their agree-

The two sides, who have not met without the presence of a Government mediator for eight years, hope to agree on a new formula for the scala mobile. They both agree that the scala mobile should trigger every six months instead of

workers that would be less than



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OECD calls for Japan to relax fiscal policies

The OECD secretariat suggests in its annual review of the Japanese economy published today that Japan should adopt a more flexible approach to fiscal policy to help boost domestic demand and reduce the country's heavy reliance on exports especially the U.S.—

But in an unusual footnote in the conclusions of the report, the OECD says that its views are "not fully shared" by the Japanese authorities. Although opinions are divided in the Japanese Government on the issue, the Finance Minister in issue, the Finance Ministry in particular wants to maintain tight fiscal policies

The Paris-based agency argues that Japan's growth has been heavily dependent on exports and that the country's reliance on the U.S. market has left it vulnerable to any soften-ing in U.S. domestic demand. The OECD also says domestic forces for growth have been weak and that contrary to most forecasts private consumption has remained aluggish. has remained sluggish.

has remained sluggish.

In this respect, the OECD package."

appears to differ with the Editorial comment, Page 18

THE Organisation for Economic Co-operation and Development (OECD) has publicly differed with the Japanese authorities by urging Japan to relax its tight fiscal policies.

The Common of the Japanese economy in the joint statement issued by the Group of Five finance ministers last Sunday after their meeting in New York to force the U.S. dollar down. The Group of Five report states that the Japanese economy is now in an expansionary phase sustained in large measure by the recovery in domestic demand. But the OECD suggests for its part that there is so far little evidence of this and that the economy continues to be

the evidence of this and that the economy continues to be heavily dependent on exports.

The OECD is worried that if Japan sticks strictly to its tough fiscal stand irrespective of broader economic trends it could increase excess savings, depress activity and put renewed upward pressure on the halance of navments current.

renewed upward pressure on the balance of payments current account. This is already expected to rise from \$35bn last year to \$39bn this year and to \$49bn next year.

The Paris agency also calls on Japan to play a leading role in promoting open and multilateral trade by taking additional measures to increase foreign access onto the Japanese market. It armes that "a market. It argues that "a significant reduction of agricultural protection should there-fore be an essential ingredient

Dollar intervention policy 'could run indefinitely'

BY JUREK MARTIN IN TOKYO

BANK of Japan officials said yesterday that the new policy of co-ordinated central bank so-called "j" effect of a higher intervention to lower the value of the dollar, agreed at last weekend's finance summit in ments surpluses in the near term. York, could run in term.

Monetary Fund and the World

One top official agreed that a possible important test of the new approach would occur if wonetary policy, which has U.S. interest rates began to rise, been fairly loose, except in the said that a lower dollar sense that "more emphasis will U.S. interest rates began to rise. He said that a lower dollar might itself exert upwards pres-sure on U.S. rates and that the Federal Reserve's monetary aggregates had recently been well above their targts.

"Our expectation and hope," "is that the Fed will The senior official was also

But he felt that the New However, they believe that it York agreement should have was only "natural" that finance ministers and central bank governors should review its progress when they meet in Seoul next monh tfor the annual meetings of the International Monetary Fund and the Monetary Fund and the World agreement should have agr had expressed interest in such an approach.

> be given to the appreciation of the yen.

This may be taken as hinting at the unlikelihood of any reduction in the Japanese dis-count rate, now at 5 per cent. He added that interest rate keep its present stance for as differentials with the U.S. were long as possible."

Oil spot prices increase after Kharg Island raids

BY RICHARD JOHNS

OIL PRICES strengthened again yesterday on the spot market, amid continuing uncertainty as it became clearer that Iraqi air raids on Kharg Island have indefinitely halted supplies of Iranian crude from the terminal

Arabian Light crude, the main Gulf variety, was traded yes-terday at \$27.85—only 15 cents below the \$28 per barrel official selling rate.

Reports from Tokyo said that Japanese refiners have requested Iran to declare force majeure on contracts because of delays in availability of oil

Exporting Countries' output been attacked by our Eagles and pricing pact, were made on (aircraft) earlier."

customers to switch to other Guif suppliers and could help Iraq clinch deals with them. It is understood that negotiations with them on purchases of oil delivered to Yanbu on the Red Sea coast through the new pipeline system from southern Iraq across the Arabian peninsula have not yet been concluded.

The shipment through the new Iraqi export route is scheduled for this week when a vessel will load oil on behalf

of delays in availability of oil at the transhipment terminal at Sirri Island in the lower Gulf where four of them have vessels waiting to load. The National Iranian Oil Company has warned Idemitsu and Showa of delays of up to 10 days, even though there are about 12m barrels in floating storage at Sirri Island.

The last shipment through the new Iraqi export route is scheduled for this week when a vessel will load oil on behalf of Petrobras of Brazil.

Another bombing raid on Iran's economic life-line was mounted by the Iraqi Air Force yesterday, according to a military spokesman in Baghdad.

It was the third attack in as many days and the 13th in the last six weeks. The spokesman said that it had been launched to "keep the fire blazing in Corganisation of Petroleum Kharg Island targets that had been attacked by our Eagles (aircraft) earlier."

Developing countries urged to exploit new technologies

BY DAVID FISHLOCK, SCIENCE EDITOR

DEVELOPING nations are urged to exploit the benefits of the emerging technologies such as biotechnology and informating."

and rural development, where in many forms it could be even directly employment-generating." tion technology, in a report commissioned by the Common-wealth Secretarist in London. wealth Secretarist in London.
Introducing the study, Mr
Sonny Ramphal, Commonwealth
Secretary-General, says there is
no reason why technology
no reason why technology
private entrepreneurs and the should not continue to be a major source of higher living standards and of increased em-

become a scapegoat for failures of economic policy which have led to high unemployment, he

says.

Mr Ramphal says the report tion of improved methods. Technological change: enhancing the benefits. Published by the needs of low-nicome groups, it can be a powerful force for cond especially in agriculture subsidies to encourage the adoption of improved methods. Technological change: enhancing the benefits. Published by the Commonwealth Secretariat, Marlborough House, Pall Mall, It can be a powerful force for condens. SW1Y 5HX. Two columns affects to encourage the adoption of improved methods.

Technological change: enhancing the benefits. Published by the commonwealth Secretariat. good, especially in agriculture volumes. £8.00.

ing."
The report was prepared by an expert group headed by Prof M. G. K. Menon, the Indian Government's chief scientific

importance of creating a climate for taking risks. It stresses the need for sources of venture It must not be allowed to capital, for tax incentives which secome a scapegoat for failures "encourage risk taking and investment without inducing a labour-saving bias," and for subsidies to encourage the adop-



King Hussein

THE MIDEAST Last chance for the last chance

of peace By Rami Khouri in Amman

IN THE seven months since the signing of the February 11 accord on a joint Jordanian-Palestinian strategy to negotiate Palestinian strategy to negotiate Arab-Israeli peace, Jordan's King Hussein has incessantly declared that this represents the last chance for a Middle East peace. If he is correct, the King's talks in Washington on Monday with President Reagan could be billed as the last chance for the last chance.

King Hussein and his embar-rasingly taciturn supporters throughout the Arab world pin high hopes on the King's private talks with Mr Reagan, Similar expectations during last May's Hussein-Reagan talks in Washington were largely unfounded: political and economic aid for Jordan, but not a more substan-tive or balanced American involvement in Arab-Israeli to try to organise a meeting peace-making. Since early with major creditor banks before the end of October. They camp spearheaded by King Hussein and Mr Yasser Arafat, the PLO leader, has received two rude sheeks.

two rude shocks, First, the Casablanca Arab summit in August failed to attract the full complement of Arab states, and made only polite and non-commital reference to the Jordan-PLO accord.

Then a week later, Mr Richard Murphy, the U.S. Assistant Secretary of State, toured the area but falled to meet with a joint Jordanian-Palestinian delegation to explore the prospects of a negotiated Arab-Israeli peace.

Disappointed

Both Jordan and the PLO were disappointed, though not totally surprised, by an American diplomatic posture that was seen virtually to coincide with Israel's. The lack of movement by the Americans or Israelis reinforced public Arab scepticism about Washington's ability to mediate peace based on the twin rights of secure and and Palestinian self-determination-even in the watered down version of the latter within a Jordanian-Palestinian confeder-

ation.

Hussein will try to convince
Mr Reagan—as he did in May,
and as Egyptian President
Hosni Mubarak did earlier this
week—to initiate a U.S.-Jordan
Palestinian dialogue as the first step towards a negotiated Arab-Israeli peace. This time around, however, the diplomatic land-scape has become more com-

plex, if not contradictory.
Since the King strongly criticised Washington in press interviews 18 months ago for its pro-Israeli bias, Jordan has worked at strengthening relations with the U.S. Simultaneously,

Jordan has started talks with Syria aimed at restoring normal ties and producing a political reconciliation that once again could redraw Arab political alignments. However, to be of any real value this would have to be followed by Syria-PLO and

The talks with Syria may signal to Washington that its cold feet on the diplomatic front would drive Jordan closer to Damascus. Less Machiavellian is Jordan's recognition that its ultimate well-being rests more with friendly ties with Arab powers such as Syria, Iraq and Saudi Arabia, than with intimate security links with Washington. The fate of the Shah is still fresh in memories here.

King Hussein hopes his personal rapport with Mr Reagan may counter pro-Israeli sentiment in Congress. He is buoyed by the decision of Britain's Mrs Margaret Thatcher last week to receive a joint Jordan-PLO delegation in London

week to receive a joint Jordan-PLO delegation in London King Hissein walks a fine line between his need to turn to the West for badly needed arms and money, and his suspicion—grounded in 33 years on the throne—that Arab peace moves are virtually impossible in the progriling elimate of in the prevailing elimate of inter-Arab discord.

He is caught uncomfortably in a four-way tug of war between his ideological inclinations towards the West, the need for Western arms and cash to offset dwindling Arab aid, the blist that Ma Aresets DIO is belief that Mr Arafat's PLO is finally inclined to negotiate peace with Israel, and the ultimate reality that his is an Arab country that can only hope to survive and flourish on the strength of support from the LEUTWILER AND STALS: CHARGED WITH SORTING OUT SOUTH AFRICAN DEBT

A match for the most hardened dealers

SOUTH AFRICA's decision to have been unable to explain to appoint Dr Fritz Leutwiler as their chairmen and credit commediator in its rescheduling mittees what was going on, and negotiations with commercial fears have been growing that banks puts an end to the sense one or more could muddy the of drift that has enveloped its water by taking legal action debt problem since a payments moratorium was declared on Most bankers agree that the September 1. The Government in Pretoria didn't have the faintest idea"

bow to organise a rescheduling one leading bank creditor said yesterday. The unique political background to its problems also meant that until now no one bad emerged who was willing publicly to take the lead in sorting out the country's pay-ments mess.

arrival of Dr Leutwiler should now put an end to all this. The 61-year-old former central banker and chairman of the Swiss engineering concern
Brown Boveri has long enjoyed
a reputation as one of the
ablest and toughest figures on
the international monetary scene.

sorting out the country's payments mess.

The result so far has been a communications failure that has left many bank creditors floundering in ignorance over South Africa's precise intentions. Executives of U.S. regional banks in particular



veloping countries including middle of October, however, notably Mexico and Brazil.

was formally announced yester. London. Only later will it be day, however, considerable confusion still reigned about the exact role Dr Leutwiler would process of negotiating the rescheduling itself. exact role of Leutwier would play. So poor has South Africa's communication with its creditors been to date that one UK bank with extensive interests in South Africa was uncertain whether or not it had been formally included in the group of 29 banks that the said to have South Africa was uncertain whether or not it had been formally included in the group of 29 banks that is said to have

Bank for International Settlements until the end of last year
he became closely involved with settlemore south Africa and its cretween South Africa and its credifficult tasks," said one laconically
monetary Fund annual meeting
he became closely involved with settlemove looming in Seoul this will had so much appeal.

the debt problems of many de- have to wait at least until the when banks are likely to be Even after the appointment summoned to a meeting in

Dr Leutwiler is thought to be sanctioned Pretoria's appointment.

His first and most pressing fee for taking on his new role.

His first and most pressing task will, therefore, be to clear the air and establish proper associates were quick to suggest that money was not the point.

PRETORIA'S OPTIMISTIC GOLD EXPERT

Valuable experience for the coming months

BY ANTHONY ROBINSON IN JOHANNESBURG

TT WAS with a sense of relief the large number of less that Dr Chris Stals, director general of finance and chairman of the recently formed Standstill Co-ordinating Committee (SCC)

Like his Swiss counterpart, Dr Stals is a central banker by training and disposition. A considerable of the last decade that Dr Fritz Leutwiler is a central banker by training and disposition. A solid gravelly-voiced Afrikaner. had agreed to become a collaborator in the difficult negotiations with foreign

creditors that lie ahead. The two men have known each other professionally for 17 years, ever since Dr Stals first represented the Reserve Bank at BIS meetings in Basle.

Their next meeting will take place shortly in Switzerland where their first priority will be

solid, gravelly-voiced Afrikaner, son of a sheep farmer from the Transvaal Highveld, he joined the Reserve Bank as a clerk 30 the Reserve Bank as a cierk 30 years ago and rose rapidly to become senior deputy governor. On his way he picked up a string of academic qualifications. Ironically his doctoral thesis was on international liquidity problems.

overseeing the Reserve Bank's foreign operations. An expert on gold he developed the Reserve Bank's expertise in the field of gold swaps, negotiated the 1969 gold agreement with the IMF and helped to set up the rand monetary agreement with Lesotho, Swaziland and originally Botswana.

Much to the surprise of some people. Dr Stals ceased being a central banker on September 1 when he moved over to the Treasury to become director general of finance. In practice he has yet to take up the Trea-sury job because of the inter-vening debt crisis and his appointment as chairman of the SCC which will occupy him full



originally Botswana.

A regular participant in IMF/World Bank meetings for the last three weeks the offices of the seven-man band of experts who form the SCC on the 13th floor of the Boland Bank building in downtown Pretoria have been ablaze with light far into the night, asking originally Botswana.

A regular participant in IMF/World Bank meetings for the last 15 years, Dr Stals also the last of the standstill time until a settlement is reached.

The fate of the standstill the standstill to banks at the planned ending to banks at the planned ending that the spent at least 50 per October meeting. "I am optimize that whatever happens the can end all restrictions but to banks at the planned ending the system more controlled that he spent at least 50 per october meeting. "I am optimize that whatever happens the can be provided the provided that he spent at least 50 per october meeting." I am optimize the standstill to banks at the planned ending the controlled that he spent at least 50 per october meeting. "I am optimize the standstill to banks at the planned ending the controlled that he spent at least 50 per october meeting." I am optimize the standstill to banks at the planned ending the controlled that he spent at least 50 per october meeting. "I am optimize the controlled that he spent at least three weeks the offices of the standstill to banks at the planned ending the controlled that he spent at least the planned ending the controlled that he spent at least the planned ending the controlled that he spent at least the planned ending the controlled that he spent at least the planned ending the controlled that he spent at least the planned ending the controlled that he spent at least the planned ending the controlled that he spent at least the planned ending the controlled that the spent at least the planned ending

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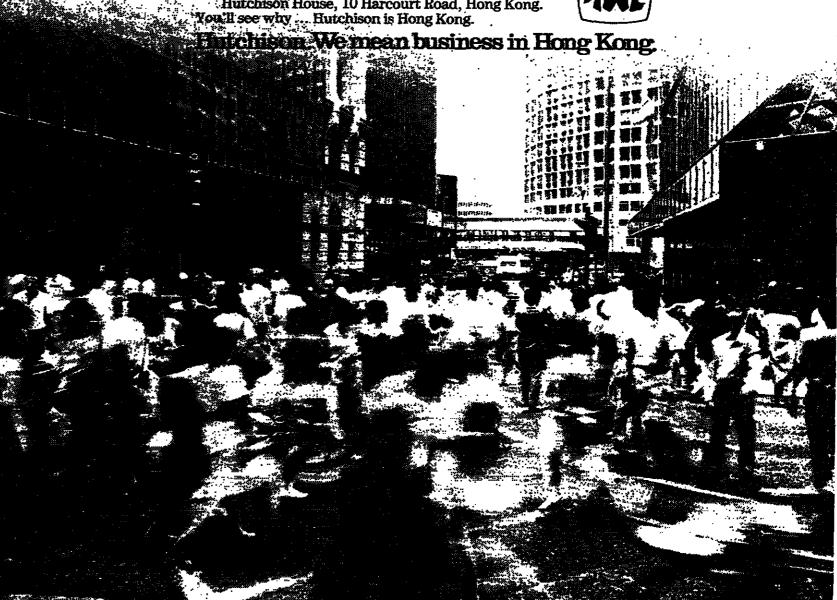
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William Dullforce looks at Gatt's international trade report

Fear of slowdown in world economy

expected in the pace of recovery this year could signal that the world economy is in danger of slipping back into the anaemic performance of the post-1973

This is one theme of the international trade report for 1984-85 published yesterday by the Secretariat of the General Agreement on Tariffs and Trade

It goes on to describe how market-sharing arrangements, such as those applied to Third World textiles, Japanese auto-mobiles and consumer elec-tronics, are encumbering the international trading system.

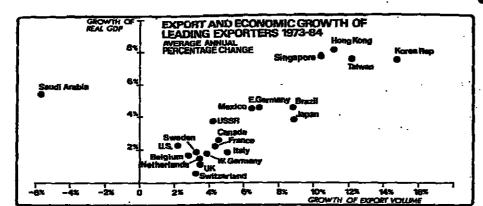
The report also spells out the case for a new round of multi-lateral trade negotiations to purge the clogged system and add an anti-inflationary trade

was the best performance in eight years. The dollar value of trade climbed by 6 per cent even though in face of the appreciating dollar export prices expressed in dollars declined. A slowdown in the growth rate had been forecast this year but Gatt's latest information suggests that the brake has been

applied more sharply than expected. Preliminary estimates indicate that the volume of world trade in the first six months was about 3 per cent above that for the first part of 1984.

Growth during the first half in the U.S. and in some South-East Asian countries was well below expectations. The value and volume of exports and imports by the Opec countries fell steeply.

Commodity prices, apart from oil, have declined more than anticipated, reducing the import capacity of many producers of



likely rise in the volume of world trade in 1985 at less than 4 per cent compared with fore-casts published earlier this year contribution to the monetary and fiscal policies being mobilised in an attempt to sustain economic recovery.

The 9 per cent growth in the volume of world trade in 1984 which have kept down inflation rates.

budget deficits run by some countries, especially the U.S., it sees a large gap between percep-

tions and actual policies.

It also finds a deterioration in trade policies "almost everywhere." While the greater part of world trade continues to take place under Gatt rules and disciplines, countries are taking more measures which contravene their commitments under the Gatt.

The trend is most evident in the spread of agreements which aim at restricting competition by sharing markets,

The evils of this "managed trade" are detailed. For many

agricultural products, market

sures, market sharing increases The displaced Australia, the degree of restraint required to curb inflation and thus the slovakia and East Germany. All,

transitional

It is illogical for governments moving towards allowing market mechanisms a greater role to undermine their own efforts by increasing restrictions on inter-national exchanges, Gatt argues. A new round of trade negotia-tions aiming at opening up markets and re-establishing the authority of Gatt rules would be particularly timely in Gatt's

It would have an immediately beneficial effect on business expectations and the investment climate by indicating clearly the direction governments intended to follow in trade policy.

It would offer a signficant medium-term stimulus to production and employment in the world economy, and would be anti-inflationary. The report's comparison of the changes between 1973 and 1984 in countries' shares of the

remarkable advances made by

market illustrates

some developing countries. While the leading five—the U.S., West Germany, Japan, sharing has reduced the open France and Britain—retained world market to a "residual their places in the exports table, segment subject to violent fluctuations."

Because it insulates an industry from competitive pressix new countries—South Korea, China, Hong Kong, Taiwan, Mexico and Singapore—had industry from competitive presexcept Mexico, appear on the "Top 20" importers' list in

The distinction between developing and developed coun-tries among leading exporters of manufactures is becoming blurred. By 1984 Taiwan and South Kerea, for instance, had

In contrast Africa's perform ance is worrying. Export earnings, excluding those of South Africa, peaked at \$94bn in 1980. Despite a 3 per cent recovery last year, the level was still about one-third below the 1980 peak. In 1983, the exports and imports of the Netherlands were roughly the same as those of the whole African continent, excluding South Africa.

For the first time last vear trans-Pacific trade (exports and imports between Americas on the one hand and Japan and 12 other Pacific countries on the other) surpassed in value that of Western Europe and Africa and the Americas).

Changes in the product com-position of world trade in the decade to 1983 (see table) reflect the dominance of oil and petroleum products and the relative decline of such traditional trading goods as steel, textiles, wood products, cereals and other farm produce.

BAe starts fight for U.S. Army contract

By Lynton McLain

BRITISH AEROSPACE (BAe) has started talks in Washing-ton with the Norden Chemical Systems company of United Technologies in the U.S. on a campaign to try to win a con-tract worth a possible £7hn to replace the U.S. army's divi-sional anti-aircraft defence radar-controlled gun.

BAe wants to sell the U.S. its Rapier missile system to replace the gun.

The Pentagon cancelled the Divad "Sergeant York" anti-aircraft defence gun after technical problems. British Aerospace is already in partnership with Norden Chemical Systems which produces the Renier which produces the Rapier missile for the defence of U.S. Air Forces bases in the UK.

The UK group wants to sell the tracked version of the Rapier missile system to the U.S. Army. The tracked vehicle is already made by FMC, a U.S. company, and BAe is prepared to increase the U.S.-made con-tent of the tracked Rapier missile system in order to win the contract.

 British Aerospace has com pleted industrial offsets for half the value of the £200m purchase of BAe Rapier ground-to-air missiles by Switzerland two years earlier than required.

The Swiss contract, the biggest single export contract for the BAe Rapier, was signed in December 1980. To date the Rapier missile system has earned BAe more than £1bn in contracts from exports and sales to the UK armed forces.

BAe agreed to provide indus trial offsets for at least 50 per cent of the total value of the Swiss contract by the end of 1987 at the latest,

The production of the Rapier itself was worth

Citroen, Indian engineering group set for £70m deal

BY JOHN ELLIOTT IN NEW DELHI

THE Indian Government may soon approve a technical collaboration signed by Citroen the French company with Escorts, a major New Delhi-based engineering manufacturer.

The future of the £70m project depends on Escorts being able to cash in on growing Indian distillusionment over col-laborations with Japanese automotive manufacturers and successfuly argue that the Citroen 2CV is not old technology but a modern car easily manufactured and maintained.

The Government does not want to issue any fresh licences to produce cars, but may be per-suaded to allow the Citroen project to go shead because Escorts is guaranteeing that 55 per cent of the car will be Indian-made from the start. This would rise to 90 per cent

laborations with almost every major automotive company in

Maruti, an Indian Governits Japanese partner's satis-faction and component manu-facturers are facing problems with their Japanese collabora-

Covernment Indian recently liberalised its industrial licensing procedures by up the project within seven saying that any producer of four-wheel vehicles could diversify into similar products. For example, from lorries to

But the Government is now within three years.

Such figures contrast sharply flow of foreign exchange on car and Ransome and Rapier of with Indian production of under collaborations and is holding up UK, and Yamaha of Japan.

30 per cent for Japanese cars, light commercial vehicles and two-wheelers which are being produced in a series of colwith Nissan, as well as the Escorts project.

Escorts has applied for a licence to produce 100,000 cars Maruti, an Indian Government-owned company producing
Suzuki cars, is having problems
indigenising its production to
its Japanese partner's satisfaction and component manuspares, once the French comproduction. pany stops its own production. Mr Hari Nanda, founder and chairman of Escorts, estimates that exports would cover the foreign exchange costs of setting up the project within seven

excavator, crane and motorcycle technical collaborations with companies such as Ford, JCB and Ransome and Rapier of the IJK and Variable of the

Libya 'owes up to \$4bn to foreign contractors'

BY TONY WALKER, RECENTLY IN TRIPOLI

LIBYA OWES up to \$4bn sists on using as the benchmark (£2.8bn) to foreign contractors, according to unofficial estimates in Tripoli. By far the biggest amount—\$1bn—is owed Italian business groups.

The slump in the world oil market and an over-ambitious development programme have contributed to Libya's financial troubles. In the early 1980s Libyan oil revenues totalled more than \$20bn.

Earnings this year are ex-pected to be around \$9bn. Other large creditors include Turkey (\$400-\$500m); South Korea (\$400m); West Germany (\$300m); Japan (\$250m); France (\$120m); Spain

(\$100m); Greece (\$40m). Some Western businessmen have been waiting more than six years for money owed and are pessimistic about their chances of recouping losses.

One businessman, whose company is owed about \$16m for construction work in the 1970s, said his visits to Tripoli followed a familiar pattern, as he shuffled between ministries, none of which had authority to clear payments.

"The procedures are so slow and difficult in so many cases, especially when they have an interest in slowing down payments," said a West European trade official, whose country is

often difficult because wrangling over price. Prices available on the stock market are lower than those Libya in-

for clearing its debts.

An oil-for-debt arrangement signed with Italy in July 1984, has broken down. According to an Italian trade official, disagreements arose over Libya's demands that it be allowed to settle some of the arrears in

Libya's foreign exchange reserves were officially \$3.5bn in May. Unofficial estimates range down to \$500m. Reserves reached a peak of more than \$13bn in 1980.

Tripoli has been forced by its cash squeeze to retrench its infrastructure programme. In February, dozens of projects, some for roads and railways, were cancelled as part of the austerity drive.

Major projects, such as the Ras Lanouf petrochemical com-plex, are being scaled down. Col Gaddafi's grandiose "great man-made river" (GMR) project is absorbing much of Libya's scarce resources.

Work is proceeding on the

project's first stage, costing over \$3bn. The contractor, Dong Ah, South Korea, is understood to have accepted oil in part All credit agencies of Western

governments are adopting a conservative approach to business with Libya. At least one, SACE while arrears on Libya's payments to creditors totals between \$8bn and \$9bn (including \$4bn.\$5bn to the Soviet Union in military debt), its "structured" debt is relatively small — perhaps less than \$1bn

Zambian creditors in bid to clear debts

By Christian Tyler, Trade Editor A SMALL "club" of Zambia's trade and other uninsured creditors has been put together to try to unblock a payments pipeline extending back to 1979 and very roughly estimated at \$300m (£214m).

A nucleus of some 20 com-panies, said to include house-hold names and which is collectively owed \$30m, has been formed by Lazard Brothers mer-chant bank in London, New York and Paris.

Formation of the club is regarded as unnecessary, if not actually opposed, by the Zambian Government's financial advisers; Morgan Grenfell and Peat, Marwick. A. banker said yesterday: "There is very little point for any creditor to join because Zambia is not going in for a confrontation."

Creditors outside the club would be well treated as those

within it, he said.

Morgan Grenfell, which is collecting information on the total arrears, would not make any estimate of the amount owed to uninsured creditors. It said nart of its remit was to act as conduit between the Zambian authorities and the creditors. Settlement terms have not been discussed, but a variety of solutions is likely to emerge

Mr Peter Godwin, a director of Lazards in London, said yesterday.

Foreign exchange shortages have blocked payment of trade debts, dividends and other remittances to creditors whose

number is not yet known. A large proportion of the overdue payments is thought to arise from intra-company trans-The Lazards initiative has been discussed with Zambia's

senior financial officials, Mr Luke Mwananshiku, Finance Minister, and Mr David Phiri, governor of the central bank. The club has however no official status, according to Zambia's advisers.

It is agreed by both sides, however, that different solu-tions will be needed for com-panies that have a long-term interest in the country and for those who simply want to collect their money and leave

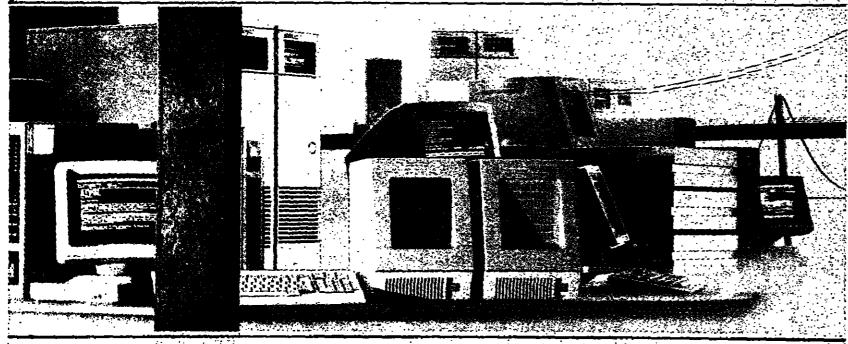
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FOKKER, the Dutch aerospace Fokker-50 and its predecessor, company, has received an the F-27. A prototype of the FL58m (£13m) order for two Fokker-50, which was unveiled fokker-50 prop-jets and an in late 1893, will make its

Fokker receives FI 58m

iet order from Austria

option for two more from Austrian Airlines, the country's national carrier.

The order is another boost for Fokker's new 50-seat shorthaul craft and raises total sales to 38 plus 12 options.

The Dutch aircraft maker claims to be the world's leader in the 50-seat market with the maiden flight before the end of this year. Austrian Airlines will take delivery of its 48-passenger ver-

sion in 1987 for use on domestic routes. Fokker said the Austrian carrier chose the Dutch aircraft over six others believed to in-clude the British Aerospace ATP and the Aerospatiale ATP at

September 26, 1985

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AMERICAN NEWS

Howe challenge to Moscow on arms control

BY REGINALD DALE IN NEW YORK

MOSCOW should "put its money where its mouth is" and produce concrete arms control proposals for negotiation with the U.S., Sir Geoffrey Howe, the British Foreign Secretary, said

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Trade Edge

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at the UN vesterday, said at the UN vesterday. The "Star Peace" proposals for the non-military use of outer space, announced with great fanfare by Mr Eduard Shevardnadze, the Soviet Foreign Minister, on Tuesday, were "fine as a slogan," but brought real arms control no nearer. Sir Geoffrey told a Press conference.

If Moscow did not spell out its position, it would dash the high expectations for Novem-ber's Geneva summit between president Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, he said. He hoped that the summit would make a specific commitment to progress on arms control "in a sensible time-scale."

Speaking of his own meeting with Mr Shevardnadze here on

Monday. Sir Geoffrey said that it was not reasonable to expect "business as usual" between Britain and the Soviet Union to resume immediately after the recent spying charges and mutual expulsions from London

and Moscow.

The UK wanted to draw a line under the affair and ensure that there was as little interruption relations between the two

countries.

Sir Geoffrey spoke as U.S.

officials said that they were still awaiting a formal communicahad nevertheless shown himself tion from Moscow of new arms control proposals, reportedly involving a 40 per cent suggested cut in the super powers' strategic offensive nuclear



ANNIVERSARY SESSION

Washington believes that Mr
Shevardnadze may reveal details
of such a proposal when he
meets Mr Reagan at the White
House in Washington today. A
preliminary meeting between
Mr Shevardnadze and Mr
George Shultz, the U.S. Secretary of State, in New York on
Wednesday produced good Wednesday produced good atmospherics, but no concrete Soviet proposals, U.S. officials

After the four-hour meeting between the two men at the Soviet mission to the UN. the American side said that a good start had been made on preparing for the Geneva summit. It was too early, however, to tell whether any significant break-through could be made at the

willing to try to clear up mis-conceptions in a calm and conversational manner, rather than engaging in high decibel polemics like his predecessor, Mr Andrei Gromyko,

Mulroney under pressure as second minister quits

BY BERNARD SIMON IN TORONTO

gressive Conservative Government. already struggling to
maintain control over political
events, has been shaken by the
second resignation of a Cabinet
minister in three days.

second resignation of a Cabinet the expectations of many of its minister in three days.

Mi'Marcel Masse: Community business community.

cations Minister, widely regarded as the most influential eign investment in Canada and Francophone member of Prime boost the oil and gas industry have been overshadowed by Cabinet, resigned suddenly prime Minister Mulroney's pending the outcome of police investigations into campaign spips with other key issues, not spending in his Quebec constitutions.

cans of rancid tuna for public consumption against the advice of Government food inspectors.

The two ministers' departure comes on the heels of a row over official handling of Canada's first hank failure in 62 years. The authorities closed Canadian Commercial Bank of

Canadian Commercial Bank of Edmonton earlier this month after failing to maintain the bank's viability with a C\$255m (£115.9m) rescue package organised last March.

The decision to bail out the bank is now widely seen as a mistake, and its subsequent collapse has exposed numerous shortcomings in the supervision of Canadian financial institutions.

While the recent spate of set-backs does not jeopardise the stability of the Conservative Government, the incidents are likely to reinforce widespread misgivings about its perform-

The Conservatives captured three quarters of the 282 par-

CANADA'S one year-old Pro- liamentary seats in last year's

tuency prior to last September's general election.

Last Monday. Mr John Fraser.
the Fisheries Minister. stepped down. having provoked an outcry by deciding to release Im While trade liberalisation is come of rennid tuna for public widely supported strong resis. widely supported, strong resistance is expected from trade-unions and the province of Ontario which fear the loss of Canadian jobs.

Mr. Masse, formerly a senior executive at the well-known Montreal engineering group Lavalin, told the House of Commons that he was confiden that the probe into his election spending would prove his innoresigning to remove any doubt "about my integrity which would reflect on the Govern-

Canadian law limits political candidates' campaign spending, and complaints about alleged

Mr Masse is expected to return to the Cabinet if he is cleared of wrongdoing. His portfolio includes such politically sensitive areas as the promotion regulation of the telecomm cations market.

Mexico City faces long delay for phone links

Mexico City, host of the 1986 World soccer cup, could be without full telephone services for up to six months as a result of last week's devastating earth-quake, industry experts said yesterday. Reuter reports from Mexico City.

Last week's earthquake des-troyed two of the state-owned telephone company's main communication complexes, a micro-wave tower and 15 other centres, including a building housing the city's international

The damage isolated Mexico from all international communication in the first days after the earthquake.

It also raised fears that the World Cup, scheduled for next May and expected to attract thousands of sports fans and journalists who would depend on a reliable phone system, might be postponed.

One week after the earthquake, less than a dozen international phone lines were operating in the rapital, according to telephone company officials. They said that the lines were being used by the Government and the press.

U.S. Atlantic coast threatened by hurricane

Thousands of tourists left their hotels and residents fied their homes as hurricane Gloria, described as one of the most powerful of the century, headed towards the U.S. Atlantic coast, Reuter reports from Cape Hatteras, North Carolina.

North Carolina.

Forecasters said Gloria had lost a little strength and was now moving steadily towards North Carolina with winds of up to 130 miles per hour-But, they said, it might turn northward to the north

eastern U.S. eastern U.S.

The National Hurricane Centre in Miami, Florida, said that at 1000 GMT yesterday Gloria was 400 miles from the resort of Cape Hatteras which is crowded with thousands of tourists at this time of year. The centre said that if the storm stayed on its present course it would reach the shoreline this afternoon.

Sheriff Bert Austin said tourists in the Cape Hatteras area were heading home. The majority of Cape residents, numbering several thousand, had also evacuated, he added, but some had stubbornly decided to stay.

Attack on

Jimmy Burns in Buenos Aires examines the film industry since democratic rule returned

Renaissance in the Argentine cinema

MRS MARGARET THATCHER, the British Prime Minister, and Sr THE U.S. Central Intelligence Raul Alfonsin, the Argentine President, may still be at loggerheads over the Falkland Islands, but a Agency (CIA) was involved in a bomb blast in Costa Rica last year aimed at eliminating the Nicaraguan counter-revolutionsmall bridge is being built between the two countries by the film ary leader Sr Eden Pastora.

according to two journalists who have investigated the incident. Sr Pastora was injured in the blast, which also killed one U.S. blast, which also killed one U.S. journalist and two Costa Ricans and wounded 18 others including the British journalist Ms Susan Morgan of the Economist. The two U.S. journalists, Mr Tony Avirgan who was also injured in the blast and Ms Martha Honey, have been investigating the bombing for over a year, and made public their findings yesterday.

They claimed that they had uncovered a plot that involved

uncovered a plot that involved officials of the CIA, the counter-revolutionary organisation the FDN, high level officials in the Costa Rican security services and Cuban exiles living in the

Pastora

'CIA plan'

Shortly before the bomb blast. Shortly before the bomb blast, the journalists said, Sr Eden Pastora had refused to unite his Costa Rican-based gnerrilla organisation. Arde, with the principal U.S. backed organisation, the FDN, based in Honduras, despite pressure from the U.S. to do so.

The journalists said this was the motivation behind the assassination attempt, which was to have been blamed on the Sandinista Government

Today, the Argentine film Camila opens in London, a week after the first screening of The Official Version. The West End showings are the first reciprocal gesture by the Argentines since the Falklands War - such British films as Chariots of Fire, Gandhi and The Killing Fields have been shown in Argentina. No one is more delighted by the new development than Sr Manuel Antin, head of the Argentine Cinen-ematographic Institute, who plays a

"If the Argentine cinema has unlergone a renaissance it is becaus the Government is giving it its full support. Our films are telling the outside world how we have changed thanks to democracy," Sr Antin

central role in the local film

Both The Official Version and Camila belong to a stable of films released in Argentina since the re-turn of democratic rule in December 1983. Sr Antin likes to compare the period to the "effervescent outpourings of an uncorked bottle of

The Argentine cinema, like most sectors of society, was repressed following the 1976 military coup.

Black lists of "politically suspect" In a recent interview, published film directors such as Sr Antin in the daily La Razon, he said the were drawn up, actors and actresses, including the stars of The Official Version, went into exile to escape rather than join the ranks of the "disappeared."

The traditionally cinema-loving tective movies and heavily censored foreign imports.

During the seven-year military regime, the Cinematographic Insti-tute was rendered ineffectual due to a lack of political support and

The Government abolished the institute's main source of income a 10 per cent tax on box office takings - and it made all financial decisions concerning the film industry subject to the approval of a culturalunenthusiastic Economy Minis-

Since the return of democracy, the institute has recovered some of its former standing as an autonomous, self-financing entity attached to a revamped Secretariat of

Sr Antin, a member of the ruling Radical Party, has tried to stir a cautious middle course between excessive political interference and a laissez-faire policy, with varying

One of the most outspoken critics of today's film industry has been Sr Luis Puenzo, director of The Official Version.

Government was not discriminating enough in its subsidies policy. Nor was it adequately ensuring the access of "serious" Argentine films to the more important local distrib-

Argentine public was subjected to a He and other directors believe menu of home-spun farce and dethat greater state involvement rather than less is what ensures creativity, so long as bureaucracy is

The fact that directors such as Sr Puenzo have managed to bring out their films is in some measure due to the institute's ability to stir creative talent from the cocoon of cen-

sorship and fear. The Official Version was allowed to be made with a budget of \$500,00 which, although small by interna-tional standards, is double the average spent in local productions.

Compared with the 10 or so Argentine films that were produced annually during the military re-gime, Sr Antin has fostered already nearly 50 new productions and 15

Compared with the standards of Europe or the U.S., the ratio of failures to success in financial terms (only 20 per cent of Argentine films

However, the figures need to be put in context. Argentina has only recently emerged from years of po-litical totalitarianism and until re-of one of the victims. cently suffered unprecedented by-

The country's economic crisis, which is only now showing signs of being solved, made costs of production impossible to evaluate with any

This was accompanied by one of the most rigid trade union struc-tures governing film production anywhere in the world. Rules include a minimum crew of 28 and

overtime bonuses are high. In recent films, directors have generally aimed for a quality mix of personal artistic vision and social/ political comment. Their products have appealed not just to the more intellectually discerning sector of the Argentine public but also to the outside world.

For her part in The Official Version, Sra Norma Aleandro won the best actress award at this year's Cannes film festival; Camila, directed by the feminist Sra Maria-Luisa Bemberg, only narrowly failed to win the award for the best foreign

Both Sr Puenzo and Sra Bembers share courage in the treatment of subjects which until recently were taboo. The Official Version looks at the "disappeared" through the eyes of a conscience-struck teacher, movingly acted by Sra Aleandro, who painfully discovers that her adopted daughter may be the child

Camila looks at the illicit rela-

Sra Sus Pecoraro, the leading actcertainty and undermined box of-fice receipts. ress in Camila, also appears how-ever in Tacos Altos (High Heels), a poorly scripted and clumsily directed film about prostitution in Buenos Aires. It is filled with gratuitous sex and violence and lacks

That Tacos Altos is proving as great a box office hit as Camila and The Official Version hints at the kind of challenge men like Sr Antin

As the excitement of democracy wears off, it will become increas-ingly difficult to ensure that enterment remains an art form. The new Argentine cinema may have been born but it has a long way to

The Arts, Pages 16, 17

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Interim report for the 6 months ended 30 June 1985

Financial results

The unaudited results for the 6 months ended 30 june 1985 are reflected below, together with the audited results for the 12 months ended 31 December 1984.

The comparative figures for the 6 months ended 30 june 1984 are not reflected as this is the results for the 6 months ended 30 june 1984 are not reflected as this is the

company's first interim report.	6 months to 30,6.85 R 000	12 months to 31.12.84 R'000
Income statement Income/(Loss) before taxation	(23) 	(308) ————————————————————————————————————
Balance sheet Capital employed Share capital Retained income Shareholders' loans Long-term loans	131,386 119 137,246 215,617 484,368	142 302-575 209-809
Employment of capital Fixed assets Loan to Buffelsfontein Gold Mining Company Ltd.	77,843 430,382 508,225	77,843 434,688 512,531
Net current liabilities	23.857 4,530 28,387 484,368	30,741 30,746 512,526

Income Income is derived from Interest, royaltles and dividends from Buffelsfontein Gold Mining Income is derived from Interest, royaltles and dividends from Buffelsfontein Gold Mining Income Interest in terms of Company Limited in respect of operations on the Beatrix mining lease area, in terms of an agreement between the company and Buffelsfontein, less interest paid.

Financing costs and interest Loans amounting to R239.738,045 are represented by foreign currency loans of \$117.480,000. Loans amounting to R239.738,045 are represented by foreign currency loans of \$117.480,000. Loans amounting to R239.738,045 are represented by foreign currency loans of \$117.480,000. The interest rate on these loans is linked to LIBOR (London interbank Offered Rate) and. These loans were on-lent to Buffelsfontein for averaged 9.6% per annum on 30 June 1985. These loans were on-lent to Buffelsfontein for Beatrix mining division. A portion of these loans has since funding the requirements of the Beatrix mining division. A portion of these loans has since funding the requirements of the Beatrix mining division. A portion of these loans by Buffelsfontein, leaving an outstanding balance of \$50.883.317, which is been repaid by Buffelsfontein of R430.382,000. Since 30 June a further R99 million of the loan to Buffelsfontein of R430.382,000. Since 30 June a further R99 million of the loan bas been repaid.

toan has been repaid. Frogress on the Beatrix mine

Since trial milling activities commenced in October 1983, the planned increase in mill throughput has been maintained and the planned rate of 170,000 tools per month was achieved in May 1985. A total of 1,172,000 tools was milled in the period July 1984 to June 1985 at an average recovery grade of 4.9 grams per tool. This resulted in gold production of

Dividend

A dividend of R27,816,000 was paid on 1 January 1984, prior to the Issue of the shares of the company to the public and its listing on the Johannesburg and London stock exchanges, the company to the public and its listing on the Johannesburg and London stock exchanges.

As announced to shareholders on 7 June 1985 it is expected that a dividend could be announced to shareholders.

On behalf of the board:

E.- Pavitt Directors

J. C. Fritz

Johannesburg 27 September 1985

Bank of England Quarterly Bulletin

Pace of world recovery slows down

A GENERAL slowing down of the world economy and of Britain's growth rate seems in prospect, the Bank of England says in its latest quarterly bulletin.

In its general assessment, it says that recovery of the world economy slowed in the first part of this year, with growth in the U.S. at about 1% per cent per annum in the first half, well below the 3% per cent to which it had fallen in the second

Although the U.S. economy might be picking up, the Bank says the slowdown does not appear to have been offset by faster growth else-

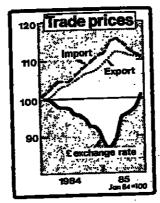
It says the Japanese economy is expected to recover substantially after a subdued first quarter but even so, growth in the first half of 1985 is likely to be below the rate of 5% per cent to 6 per cent recorded ghout 1984.

In the U.S., personal consumption siness investment have remained fairly strong, stimulated. perhaps, by lower interest rates partly the result of a more relaxed monetary policy. On the other hand, the uncompetitiveness of the U.S. as a result of the earlier rise in drag on output through the net covery from the coal strike and by trade deficit. In Japan and many quite wide differences in growth European countries growth has rates indicated by initial estimates the dollar has exerted a powerful previous recoveries, partly because gross domestic product around the of cautious fiscal and monetary turn of the year."

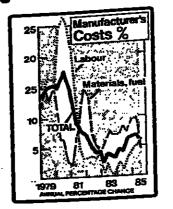
of oil and commodity prices has from the gradual resumption of nor-helped industrial countries' current mal working in the coal industry accounts of their balance of pay-ments, as well as helping them to of the dispute. If allowance is made

A generally subdued rise in la-under 3 per cent. bour costs per unit of output in most countries has also helped in tively fast in the UK, putting a gen-eral question on inflationary and To underline its cautious view,

ompetitive prospects. In the UK, the Bank says that, although economic activity seems to tween the first and second quarters have been quite buoyant in the first of this year. half of the year, this partly reflect-







REPORT BY MAX WILKINSON, ECONOMICS CORRESPONDENT

have a restraining effect on the

growth of the economy.

Expansion of UK output in the first half of this year means that the economy has achieved four years of continuous growth. The underlying pace of growth has been somewhat obscured so far by the rebeen restrained by slower expan- of the conventional measures (exsion of domestic demand than in penditure, income and output) of

Much of the growth in the first The Bank says that the weakness half of the year will have resulted further progress against for all these factors, the underlying rate of growth may have been just

This is slower than the underlying estimates from the Central Stathe fight against inflation. How-tistical Office, which suggested the ever, the Bank cautions that unit la-bour costs have been rising rela-between the second quarter of 1984

the Bank says that there was no underlying growth in the economy be-

Output in the construction and ed the ending of the coal strike and other special factors. Now it believes there is evidence that the motor vehicles, and chemicals sec-

surge in non-oil visible exports in tors output has risen strongly rethe early part of this year may be cently. The food, drink and tobacco coming to an end, and that this will and metal goods sectors remain

The Bank says that output in the second quarter was sustained mainly by a revival in consumer spending, together with a modest rebuilding of stocks after substantial destocking earlier in the year. Fixed investment fell back sharply after the exceptionally rapid surge in the

first quarter, however.
In current price terms, it says the visible trade deficit fell by more than Elbn in the second quarter, to £222m, which was the lowest quarterly figure for more than a year.

This was mainly due to an improvement in the terms of trade, resulting from a cut in the price of imports brought about by sterling's appreciation during the period.

It says: "This terms of trade effect was of much greater significance than the volume improvement in reducing the non-oil trade deficit in the second quarter." The improvement in the non-oil trade position in volume terms was slight in comparison, with the volume of imports little changed and the volume of ex-ports up by about 1 per cent be-

tween the first and second quarters. "Shuggishness on both sides of the non-oil trade account in the second quarter is consistent with a picture of subdued growth in demand in the UK (excluding the effects of recovery from the coal strike) and in our overseas markets, and of little change in the effective price

mpetitiveness of UK industry ... both at home and abroad. Net exports of crude oil were lowresult of extensive North Sea maintenance work and a depressed sterling price for North Sea oil.

On employment prospects the Bank says that while the momentum of output growth was main-tained in the first quarter of this year, first estimates suggest that the growth of the employed labour force slowed in the early part of this year. This followed rapid growth towards the end of 1984. It rose by 31,000 in the first quarter of 1985, compared with an average increase

of 84,000 per quarter last year. ployees last year was mainly attrinow past its peak at about 7 per
butable to part-time working by
manager of a mark adjustment to the summer and will fall back women. If a rough adjustment is to around 5% per cent by the end of made for the shorter working hours of these women, the full-time equivhave increased by only about 45,000

lying rise in unemployment may the first quarter of this year. have eased in recent months. So far this year, it says there has been a rise of about 9,500 per month on average, compared with 12,000 per month last year. This may in part reflect the increasing impact of special employment and training measures."

The Bank shows concern about the relatively rapid rise in labour rapid growth of broadly defined money in the economy, particularly starling M3.

Bank of England Quarterly Bulletin Vol 25 Number 3: £7.50 per issue, UK; £9 Europe; reduced rates for students, from Economics Division, Bank of England, London ECZR &AH.

the relatively rapid rise in labour ECZR &AFL

costs per unit of output and in evi-dence that pay settlements in man-ufacturing industry may be creeping upwards. The underlying 12month increase in average earnings for the whole economy has been unchanged at 7% per cent since July last year, but unit labour costs in manufacturing appear to have ac-

Pay settlements in manufacturing averaged about 6% per cent in the six months to June, having crept up from around 6 per cent in the last pay round. Meanwhile, the underlying rise in average earnings in manufacturing industry has edged up to an annual rate of more than 9 per cent from 8% per cent at the start of the year.

This pick-up in earnings growth has occured against a background of an apparent fall in productivity growth. On past experience this may well be revised up a little from the 3 per cent per annum to which er both in volume and in value as a it is estimated to have fallen from about 5 per cent at the beginning of last vear.

"It is, however, clear that unit labour costs in UK manufacturing have recently been rising faster than 18 months ago, and distinctly more rapidly than those of our major overseas competitors."

Against this, it points to a further easing in the pressure of fuel and material costs, which were only 3½ per cent higher in the second quarter than a year ago. Taking these factors together, the Bank seems to endorse the view that inflation is

It says that, if inflation is meaalent number of employees may sured by the GDP deflator instead of by the more usual retail prices last year, only a third as much as index, the annual rate rose from onthe crude head count figures sug- by 4% per cent in the 12 months to the last quarter of 1984, to an annu-The Bank judges that the under- al rate of 5% per cent in the year to

The Bank is concerned about the rapid growth of broadly defined

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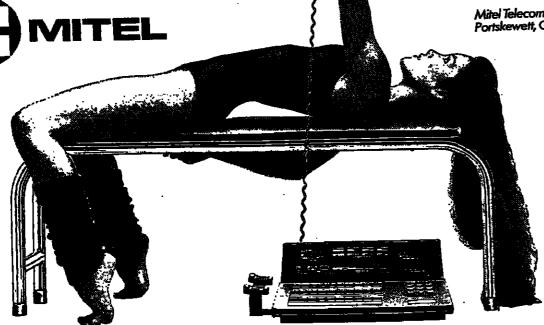
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Easing of some debt problems predicted

THE DEBT problems of the desources are likely to ease very slightly in the remainder of the decade, a Bank of England survey suggests. But the results, published in the quarterly bulletin show that this concir nds very much on ass about the general state of the

The Bank's analysis is based on a survey of 20 developing countries and a forecast that the major industrial economies will grow at an average rate of 3 per cent a year in the second half of the decade.

The Bank assumes that world trade will expand by some 5 per cent a year, that world interest rates will decline, that the dollar will fall and the oil market will remain weak, with world

In these circumstances it be lieves that gross external debt will grow very little in real terms and that the ratio of debt to exports will decline for most countries, although not to the levels seen at the beginning of the

The bank says: "For nearly all the countries considered, the availability of external finance is a major factor in their prospe For most, access to co borrowing is expected to be ex-tremely restricted, and others are expected to be cautious in

It believes that these countries will not be able to finance cur-rent account delicits of more than about \$25bu per annum (half the rate of the early 1980s). The combined trade balance of these non-oil developing countries is forecast to re-15 antil 1990.

The Bank notes that a 1 per cent reduction in world trade, compared with what it forecasts, would reduce debt to export 12tios by about 8 percentage points from the current level of around 300 per cent on average.

An increase of 1 percent point in interest rates would worsen debt to export ratios by about 2 per cent.

The survey as a whole sugge that prospects for the developing countries are moderately encouraging, but this is not nee true of all individual countries.

The outlook, the Bank com ments, is very sensitive to the eent and subject

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CHANCELLOR SAYS UK ACCOUNTS FOR TWO THIRDS OF EEC VENTURE FUNDING

Ministers set to arbitrate again over spending

BY PETER RIDDELL, POLITICAL EDITOR

THE STAR chamber committee of chamber committee rather than to cabinet ministers is set to be re- settle quickly with the Treasury. established next week under the Some programmes have, however, chairmanship of Lord Whitelaw the aiready been agreed in discussions

chairmanship of Lord Whitelaw the deputy prime minister, to arbitrate between the Treasury and other Whitehall departments over next year's public expenditure plans.

Senior ministers expect that the membership and remit of the Star Chamber will be confirmed by next Thursday's meeting of the Cabinet Thursday's meeting of the Star chamber onto settle. The re-establishment of the star chamber committee comes after semi-public remarks by Lord Whitelaw and other senior ministers that MacGregor, the new chief secretary semi-public remarks by Lord White-to the Treasury, on his bilateral dis-law and other senior ministers that

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ton the ™1 350m € 3.4° - 6.62 cussions with departments.

The present spending round is officially admitted to be much tougher than in the past two years. This is both because most of the easier to devise an alternative means of options for squeezing out excess ex- arbitrating on public spending and penditure have already been taken, so the star chamber committee and because of the continuing im- looks certain to be re-established

and because of the continuing impact of this year's temporary acceleration in the inflation rate.

Together with higher than expected unemployment and excess local authority expenditure, these pressures have resulted in more than £3bn of unavoidable above that of previous years, and extimated sales of nublic sector as-

commitments.

The Treasury is seeking to offset some of this spending by squeezing other departments and by pushing up receipts and charges. This had impact of a further tranche of Britished to unresolved arguments over the level of increases in electricity and gas prices, over further rises in parental contributions to student grants and over the environment budget. In particular, Mr Peter walker the Energy Secretary, is pointing to the electoral impact of large rises in energy prices.

A further complication is that the full Cabinet will reach deciding ministers are increasingly.

spending ministers are increasingly around the end of October or early inclined to take issues to the star November.

Lawson praises risk investment

THE BRITISH venture capital market had expanded so rapidly that it was now proportionately larger ment on the part of the UK venture than that of the U.S. and one of the capital industry to have grown to

cellor of the Exchequer, said last Mr Lawson, delivering the London Stock Exchange chairman's lec-ture, said risk investment grew from £10m in 1979 to £284m in 1984.

Even more striking was the fact that the UK now accounted for twothirds of the total venture capital

reason why over the past two years companies of the resurgence of corn" investments. we have been so much more suc-"It is now realistic to compare the UK venture capital industry with that of the U.S.," he said. The £150m in generating new jobs," Mr Lawployendent funds in the UK in the first pendent funds pendent funds for the US. The said than our European partners ployees through share ownership pendent funds funds pendent funds for the US. The first pendent funds funds pendent funds funds pendent funds fu

Many of the companies established by the surge in the venture capi-tal market would be major employers by the end of the century, he That may indeed be part of the said. In addition to the benefits to

Mr Lawson devoted his entire help entrepreneurs expand by furwas now proportionately larger ment on the part of the UK venture than that of the U.S. and one of the great unsung successes of the last the American scale in so short a period. The added.

Speech to stressing achievements ther capital injections and managerial assistance. This also required tor at a time when some indicators "an enlightened attitude by the six years. Mr Nigel Lawson, Chancellor of the Erchemus said last speech to stressing achievements ther capital injections and manag-

> Secondly, ways must be found to improve the supply of small packets of equity capital, perhaps through the creation of portfolios of "seed

of Venture Capital Paised by inde-pendent funds in the UK in the first ment of some 600,000 since the 1983. Three major challenges now half of 1985 was more in relation to general election is more than in the gross domestic product than the \$1.3bn raised in the U.S. over the

UPDATE ON IBM, SEPTEMBER 1985.

THE UK's first onshore oil and gas been expressed that the most atlicensing round has attracted a tractive areas – in the South of Enstrong response from the internastrong response from the internastrong response from the interna-

expected to be announced early next year.

The entire land mass of England, Scotland and Wales not already licashire coast will extend onshore.

The strong response of the industry to the onshore licensing round, however, will reinforce the Governcensed was on offer. Fears had British Petroleum, British Gas and ment's determination to make the

incensing round has attracted a structure as a structure areas.—In the South of Earth Midlands—were in the less budget the Government of Energy bard received applications from 117 drawn a surprising amount of exploration costs against tax payonness. The results of the round are license, but a numment ruled that the oil industry ber of almost unexplored areas has could no longer offset onshore oil drawn a surprising amount of exploration costs against tax payonness. In the last budget the Government of Energy ber of almost unexplored areas has could no longer offset onshore oil drawn a surprising amount of exploration costs against tax payonness. The results of the round are

for will be valid for six years. Mobil,

Britain to aid Saudi trade as part of Tornado aircraft deal

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

as part of the biggest military deal Britain has yet negotiated, Mr Michael Heseltine, the Defence Secretary, said yesterday. Mr Heseltine and Prince Sultan

bin Abdul-Aziz, the Saudi Minister of Defence, yesterday signed a memorandum of understanding for the sale of 72 Tornado fighterbomber aircraft and 60 jet and turboprop trainer aircraft. With spares, be worth £4bn, Mr Heseltine said. The Defence Secretary confirmed that Britain would receive part cash and part crude oil from Saudi Arabia in payment for the aircraft package. He revealed for the first time that part of the price of the deal was that Britain would help to boost Saudi trade and to examine the possibility of joint industrial ventures between the two coun-

Mr Heseltine was unwilling to give details, saying that the precise form that this "offset" agreement would take would be the subject of detailed negotiations over the next means and timing of payment" for the package and the "quantities and the semi-barter deal.

implications of the new agreement on trade, seeing it as a possible stumbling block in the forthcoming negotiations. Saudi Arabia, with its small industrial base and low popu-lation, is a difficult country to help in this way, as the U.S. company

Boeing appears to be discovering Britain is not anxious to follow command and communication system known as Peace Shield, about 35 per cent of the value of the \$3.5-\$4bn contract must be ploughed back into Saudi Arabia in the form of joint ventures and the transfer of technology.

The aircraft involved in the British deal are 48 interdiction/strike (IDS) Tornados, 24 of the Tornado air defence version (ADV), as well as 30 Hawk jet trainers and 30 turboprop Swiss-built PC9 trainers.

Overall the deal will probably extend the Tornado production line by a year, although since the aircraft is built collaboratively with Italy and West Germany, some 60 per cent of the profits from the deal on the actual aircraft will go to Britain's partners.

When weapons systems, spare flow" of oil which will be involved in and training are taken into account, UK officials seem nervous of the ger proportion of the total deal.

Onshore oil prospects pull in big bidders

acreage for the first time. Although British Gas discovered Europe's largest onshore oilfield, at Wytch Farm, Dorset, few oil indus-

Owen urges action

on maritime decline

BY PETER RIDDELL, POLITICAL EDITOR

BRITAIN should take action within the EEC to reverse the decline in its maritime fleet and naval capability, Dr David Owen, the Social Democrat leader and MP for Plymouth Devenport, argued last night in the Institute of Directors annual

Under the title of Britain's Role In the world today, Dr Owen discussed issues of the relative decline in the UK's economic position, the need to strengthen Britain's participation in the EEC and the particular example of the problems of Britain's particular resulting float.

am's maritime fleet. in the third division of nations should be a decision to maintain a judged by real national income per minimum level for the British and head, along with Hong Kong, the European merchant fleet and the Soviet Union, Yugoslavia and Taiwan. "The UK has become a low growth, low skilled, low wage economy, relative to our principal competitors in the OECD, he said. To revive Britain's scientific, technical, industrial and commercial base as a nation, Dr Owen said that Britain should be part of a European strategy, ensuring that European states stretched out both to

the east and the west. He said that this year the choice surface fleet numbers.

market operating by 1990. At present Britain was lagging behind the rest of Europe in opening up interval markets nal markets.

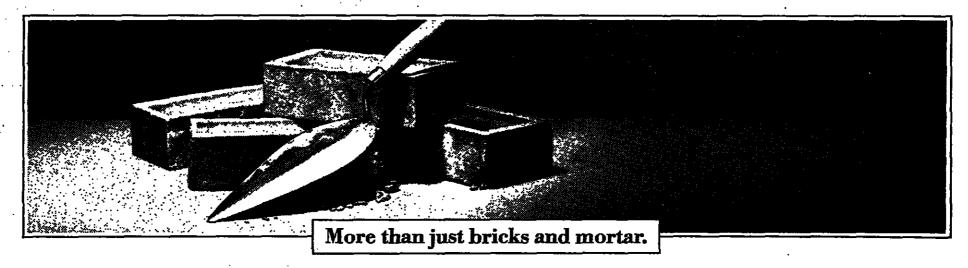
Dr Owen took the example of maritime decline to illustrate the

shore development in the North Sea He argued that Britain was now as the Norwegians had done. There minimum level for the British and associated shipbuilding and repair-ing industry on strategic grounds.

Dr Owen repeated his call for the cancellation of the Trident nuclear

missile programme and the build-ing up of Britain's hunter-killer submarine fleet, with a view to having seaborne cruise missiles as a contri bution to Nato's nuclear deterrence British naval specialisation in Nato should be to maintain its underwa ter expertise, even at the expense of

Building a better community: the IBM contribution.



It is not enough to set up factories, employ staff, and to stimulate economic activity through business success.

Many businesses are realising a simple fact:

That their own prosperity depends ultimately upon the well-being of the community.

Which is why many companies are now taking an active part in helping to solve some of society's problems.

This means much more than giving money. It means lending out the skills of some of the company's best people.

PROVIDING THE SKILLS FOR THE COMMUNITY

15 years ago, IBM became one of the first companies in the UK to send staff out on secondment: loaning them on full pay to organisations which are actively involved in helping the community.

IBM has focussed its help on four prime social issues where the particular skills of the company are relevant and can make a real contribution to the community:

(I) Creating employment, (2) Providing training opportunities for young people, (3) Helping the disabled, and (4) Building bridges between industry and education.

IBM likes to help schemes that pioneer new ways of solving social problems.

The benefit is that success can be repeated, introducing a multiplier effect to the company's efforts.

Currently, 26 IBM employees are out on secondment, and working with organisations such as: the London Chamber of Commerce Youth Training Scheme; the Portsmouth ITeC; Young Enterprise in the North West Area; Glasgow Opportunities; and Project Fullemploy in London.

But if the community has benefited through IBM's secondment programme, so has IBM.

Secondees increase their management skills; they learn how to maximise resources; and they gain new perspectives, which are a valuable help to IBM in relating to the wider community.

HELPING INSIDE AS WELL AS OUT

IBM's help to the community is not just limited to secondment. In 1984, IBM provided training opportunities for over 1,000 students. And, in 1985, has created over 220 training places for school-leavers under the Government's Youth Training Scheme.

The total IBM community programme is too diverse to describe here, but if you would like further information, please write to: IBM United Kingdom Limited, External Programmes, South Bank, London SE1 9PZ.

JUST THE JOB FOR BRITAIN.

Minister refuses inquiry into Liverpool crisis

MR KENNETH BAKER, Environ- purpose) bricks has been in decline ment Secretary, yesterday placed and London Brick's share of the to-full responsibility for Liverpool's tal brick market has fallen from 42 cash crisis on the Labour-led city council and refused either to hold discussions with councillors or to set up an inquiry into the city's

His uncompromising attitude, confirmed at meetings in London with leaders of the unions with members employed by the council and with a delegation of Liverpool Labour MPs, means that local councillors will have the reach rapid decisions in order to stave off

The city council is to meet today and is expected to propose the issuing of temporary dismissal notices to its 30,000 employees as a shorterm solution to the budget criss. This has been caused by the council's refusal to balance its budget in protest at government cuts in grant.

Issuing the 90-day notices would enable the council to raise money against the expected rent and rates (property tax) income that would accrue between December 31 and the end of the financial year on March 30. This could then be used

to pay wages I LONDON BRICK, Britain's big-gest brick maker, which was taken over by Hanson Trust in February last year, is making more than a quarter of its workforce, 1,264 peo-ple, redundant. It is part of a multimillion pound plan to cut brickmaking capacity in line with a declining market and reinvest in mod-

The market for fletton (general

and London Brick's share of the toper cent to 34 per cent in the last four years," the company said.

DEREAD prices could rise by up to 3p a loaf before the end of this year as a result of the poor quality of the UK harvest. Stockbrokers Wood, Mackenzie say estimates of the shortage of quality wheat range from 1m to 2m tonnes. One million tonnes of milling wheat have been ordered from France and this could double by the year end, according to French grain merchants. Each ne of French wheat is estimated to raise millers' flour costs by about

£4 a tonne. ☐ PHILLIPS & DREW, the London stockbroker which recently ob tained a Bank of England licence to take deposits, is to launch a banking service next week. Union Bank of Switzerland, which is acquiring Phillips & Drew, has told the Bank of England, that it is backing the

UVAG (UK), the Lonrho-owned Volkswagen/Audi importer, has opened a £4m distribution centre near Ramsgate, Kent which nearly trebles its capacity to handle

☐ LEYLAND Bus has won a €7.5m National Bus Company order for 170 vehicles. It is one of the largest industry this year.

☐ MARCONI Command and Contral System is to supply the British army with an ach control system in a deal worth more

WORLD STOCK MARKETS CHECK EVERY DAY IN THE FT

THE GULF WAR-FIVE YEARS ON

Why Kharg Island is the key to the conflict

By Roger Matthews, Middle East Editor

THE GULF WAR between Iran interests and those of the oil-and Iraq this week entered its sixth year. It has claimed, at the most conservative estimate, The man who before the war 400,000 dead and at least 1-m

For such a bloody, cruel conflict, with its First World War tactics of human-wave assaults on one side and the use of mustard gas on the other, it has remarkably failed to hold world attention beyond the momentary flurries provoked by the sheer scale of the killing and by largely unrealised threats to vital Western

But it is none the less a struggle whose continuation and eventual outcome will affect Middle East politics and the balance of power in the region for decades to come. The very length of the conflict underlines the importance of the issues at stake and the tenacity with which they are being pursued regimes in Tehran

The war started purportedly as a territorial dispute over con-trol of the Shatt al-Arab waterway on the southern part of the international border where the Tigris and Euphrates rivers meet. But it quickly came to be seen as a fight to the death

between two regimes.
On the one hand it could decide the fate of the Islamic revolution in Iran, itself the most potent threat to estabpolitical order in the Middle East since the birth of Arab nationalism in the middle part of this century. On the other, it could topple the regime of President Saddam Hussein in Baghdad and replace him with a government sympathetic

In the eyes of many senior members of the Iranian regime, the war and the revolution are inseparable. For Ayatollah Khomeini, Iran's spiritual leader, the eventual defeat of Saddam Hussein is a religious duty no less obligatory than the overthrow of the Shah in 1979. Not only has the Iraqi President to be punished for his "war crimes," but the Iranian revolution is also more broadly charged with providing assistance to all oppressed

tion there are few Moslems political cost of casualties on a main export terminal at Kharg more oppressed than those in population of 14m—less than Island has proved more an irri-Iraq. However, President Hussein in his turn presents him- not offer an early prospect of self as the saviour of the Arabs an end to the war. There is Iraq has been showing far more against the traditional Persian no doubt that President Hussein determination to inflict heavy

considered Libya and Syria insufficiently radical in their pursuit of Arab causes, today allies himself with advocates of peaceful negotiation, such as President Mubarak of Egypt

and Ring Hussein of Jordan.
Diplomatic relations with the
United States, proken off at the time of the 1967 Arab-Israel war, have been restored and after the Soviet Union, France has become Iraq's most important supplier of military hard-

These changes in posture have been forced on Iraq by its initial miscalculation that the Iranian regime could be brought to its knees within a few weeks of the invasion. Instead the Iraqi army became quickly bogged down and in little over 18 months was driven back to the international border.

For perhaps a year there was just the possibility of an Iranian miiltary victory, a prospect that has since given way to a now well-established military stalemate. Although Iraq has been forced to concede small strips of territory up to 20 states. miles in depth along parts of the border it has generally been successful in absorbing all major Iranian offensives. Its in-depth defensive barriers have successfully blunted the initial Iranian thrusts allowing time mounted and for Iran's own logistical weaknesses to become

apparent.
The inability of Iran to replace and repair critical mili-tary equipment, especially air-procurement its economy will craft and armour, has forced it remain on a war-footing.
to rely heavily on the one clear Officially, Iraq refuses to advantage it does enjoy over tolerate such a prospect and has fraq—manpower. Enthused by the ability of lightly armed means to force Iran to the negocivilians to rout the Shah's superbly equipped defence has meant the use of Iraq's 10-1 forces in Tehran, the Iranian clergy still appears to believe to threaten the flow of Iran's that selicious fearuring an organical property and to lower the that religious fervour can over- oil exports and to lower the come modern weaponry. Belief, morale of Iranian civilians however, shows every sign of through attacks on population being tempered by pragmatism centres.

By any current Iranian definito Iraq, mindful of the high to attack oil tankers using Iran's

IRAN IRAQ Saudi Arabia

ventional bombs against the facilities there and has met with

clear success. Iran's ageing mis-sile defences have proved inade-

quate and its oil exports sharply reduced. But given the capacity

of Kharg, Iraq will have to maintain almost daily attacks if

it is to keep up the pressure on the Iranian leadership.

taken to boarding vessels which it suspects might be

carrying war materials for Iraq. It claims to have searched

over 40 vessels in the past few

The extent of the damage to Kharg can best be judged by

Iran's newly-issued warning to shut the Straits of Hormuz if

the Iraqi attacks continue. This

when it has been hurt by Iraqi attacks. Certainly there would

be no point in Iran attempting

to carry it out unless its own oil shipments had been effec-tively halted.

experts are still unsure whether this latest round of

attacks on Kharg Island might at last provide an answer to

the greatest mystery of the

They have been at a loss to explain why President Hussein has refused to use the full weight of his air force against

totally vulnerable

However, western military

terms that did not involve overt political humiliation. Although fraq has crude oil reserves second only to those of Saudi Arabia, it has been forced in the past five years to draw down \$30bn in reserves and borrow more than that amount from Saudi Arabia and other Guif

The opening next month of a new spur pipeline through Saudi Arabia will eventually boost its total exports close to 1.5m barrels a day but it cannot recreate the strong economic growth which it was enjoying before the war. So long as Iraq is forced to main-tain a large standing army on the Iranian border and assign a heavy proportion of its hard

and Iran, at least temporarily appears to have ruled out further mass offensives.

This has brought some relief rench-supplied Exocer missiles

However, in the past week, enemy and, increasingly, as the would have settled during the damage on Kharg. Instead of standard bearer of Western past two years on almost any missiles it has been using conthat his restraint has been sought by Saudi Arabia and other Gulf states fearful that a badly-wounded Iran could lash out against their oil-exporting facilities or other economic tar-It does seem improbable, how-

ever, that Iraq would heed such pleas if the only alternative was a war without apparent end. In the absence of more credible explanations it has had to be assumed that within Irag's own military and political limitations, it was genuinely doing its best to force Iran to negotiate. If that was the case, there seemed little reason why Iran should not be allowed to dictate the duration of the war. It may have to abandon hope of win-ning in the conventional military sense but through sman-scale attrition might eventually hope for war weariness to pro-voke popular disaffection and divisions within the ruling

Ba'ath Party.

Iraqi publications demonstrate the same preoccupation with internal divisions and worners. sening economic conditions within Iran and endlessly fore cast the overthrow of Ayatollah Khomemi. So far as can be judged by visits to both countries, neither régime looks to Iran's normal answer has been intermittent and generally ineffective air attacks on tankers heading to or from ports in Saudi Arabia or Kuwait More recently it has the state of the sauding to the sauding transport transport transport to the sauding transport transpo be in any imminent danger, not least because of their mutually ruthless attitude to those who oppose them.

The unpopularity of the war is evident in both capitals, more so in Tehran where there is greater freedom of expression. For the Iranian revolution to attract greater international support, particularly in the Middle East, it has to create a bandwagon on which people wish to leap for no better reason than to be on the winning side.

threat, which the U.S. does not believe can be sustained, is one Iran invariably makes ture, or as a vehicle through tion of fighting, which deprived communities Even the me can channel their frustrations, among the Iran

> it has shown itself most dramamotivating force behind attempts to destabilise smaller

on the ruler's life. The political pressures on established Arab rulers, particularly those with close links to the U.S., seem certain to intensify as economic conditions deteriorate in the wake of continuing low demand for oil. The principal reason why Saudi

Arabia has prevaricated for so long about its own sharply declining oil revenues is the fear of the political consequences resulting from a price war.
The Soviet Union and the
U.S. meanwhile show a rare
unity in not wishing to see an Iranian victory. However, Iran has started to

search the world more actively for friends, and Foreign Mini-stry officials like to hint at enhanced trade relations with Moscow as perhaps a first step towards improved understand-

This may encourage fresh attempts by international organisations to find a basis for organisations to find a basis to a ceasefire and eventual peace negotiations. But as in all pre-vious efforts they will run into two insuperable Iranian barriers. The first is spoken for all

to hear. President Saddam Hussein has to be removed from power. The second is not men-tioned publicly, but is at the core of Iranian thinking. The senior clergy fear that once the figrting has been halted it would be almost impossible to resume

It is assumed in Tehran that peace negotiations on its demands for massive war reparations, and involving a settle-ment of territorial border disputes, could last months if not years. The chances of failure would be great, especially if, from an Iranian point of view, Islamic fundamentalism, as Iraq came to assume that the a reaction to excessive will no longer existed among materialism and Western cul-

Even the more pragmatic among the Iranian leadership is undoubtedly a growing political force in the Middle East. validity of that argument and Since the Iranian revolution thus the best that might be hoped for from Iran is a conit has shown itself most urania-tically among the Shi'ites in tinued scaling down of military Lebanon but is also in varying operations. It is not fanciful to Lebanon but is also in varying degrees a part of the political landscape in Kuwait, Saudi continue in this vein for another Arabia, Bahrain, Sudan, Egypt, five years with a change of regime in Baghdad or Tehran Syria, Tunisia and Morocco. regime in Baghdad or Tehran In its more violent expressill offering the best, if still sion it has been the main limited, chance of a lasting motivating force behind peace. Unless, of course, the attempts to destabilise smaller Iraqi Air Force has finally Gulf countries, especially acquired the determination and Kuwait, which has suffered both skills necessary to halt the flow Iranian economic targets. Kuwait, which has suffered both skills necessary to One charitable explanation is bomb attacks and an attempt of oil from Kharg.

Financial Times Friday September 27 1985

Chief executive of Time Assurance

Mr A. B. (Sandy) Marshall has been appointed vice-chairman of THE BOOTS COMPANY. He joined the board in 1981. He is the chairman of Commercial Union Assurance Company and until recently was also chairman

Mr J. Segal has retired as chairman but will remain a director of LISTER & CO. Mr Justin A. Kormberg, previously deputy chairman and joint managing director, has been appointed chairman. Mr Michael H. E. Dracup, previously chief executive and joint managing director, becomes managing director, becomes managing director. Dr N. B. Smith has been appointed a non-executive director of the company. He is chairman designate of Metal Box and was previously a director of ICI. Prior to joining the ICI board he was chairman of the fibres division.

LLOYDS MERCHANT BANK
has appointed Mr Martin
Cruttenden as a managing
director. He will have responsidirector. He will have responsi-bility for financial control, risk control, personnel, information technology, operations and support services. For the past year he has been general manager (special duties) of Lloyds Bank with responsibil-ties related to the merger of Lloyds Bank and Lloyds Bank Lloyds Bank and Lloyds Bank International. Mr Brian Ashby has been appointed general manager (organisation development), with responsibilities related to the merger of Lloyds Bank and Lloyds Bank International. He will take up his new post on October 14. He is currently director. Middle East and Africa division of Lloyds Bank International. Mr Jorge Gamarci, executive vice-president and deputy general manager, North America, of Lloyds Bank's international banking division, has been appointed to the board of Lloyds Merchant Bank.

Four new members have been appointed a director of vickers DA COSTA, stockbrokers.

Broadcasting Authority and the Cable Authority to the Advertising Advisory Committee, which was set up to advise the IBA on the principles of broadcast as a consultant.

Mr David Cox has been advertising. Mr Anthony Brackappointed chief executive of Advertising Practice Committee, TIME ASSURANCE SOCIETY. Advertising Practice Committee, and was appointed general and consultant in public affairs an Mr David Cox has been advertising. Mr Anthony Brackfor Johnson Wax Mr John Ferguson, secretary and registrar of the Pharmaceutical Society of Great Britain from October 1. Mr Ron Gray, chairman of Lever Brothers, nominated by the Incorporated Society of British Advertisers; and Mrs Anthea Secker, a member of the boards of governors of Barnardo's School for Girls and of an ILEA school for maladjusted boys.

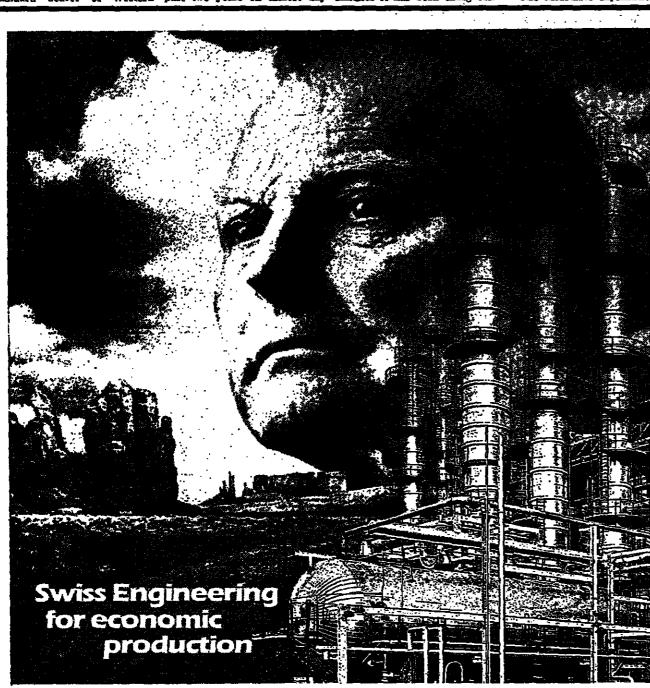
Mr Clive Weber has been appointed a partner of WED-LAKE BELL from October 1.

Mr Philip Brading, Mr John Fordham and Mr Michael Percy have been apointed to the board of HILL SAMUEL & CO.

BASSETT FOODS has made several changes within the group which become effective from October 14. Total export sales for both UK and overseas subsidiaries will be the responsibility of a new company, Bassett Foods International, headed by Mr S. Armitage as managing director with Mr C. J. Jones, a non-executive director of the main board, becoming this subsidiary's chairman. At main board level, Mr John Buckley, finance director, takes on overall responsibility for corporate planning and is designated group finance and planning director. Mr Bruce Greed has a new Mr Bruce Creed has a new assignment as development director and moves to group headquarters from Geo Bassett & Co, where Mr Peter Ashmere becomes managing director.

Mr Andrew Dick has been appointed group director, credit services, at DUN & ERAD-STREET. He replaces Mr Jim Armstrong, who is returning to the U.S. Mr Dick joined Dun & Bradstreet in 1979 as financial controller and has held a number of senior positions including group finance director and most recently group director, business marketing division. He now takes over an enlarged credit services division which includes the business education department. Mr Tony Hollands, general manager business marketing division, has been appointed an associate director of the com-Mr Andrew Dick has been associate director of the com-pany. The division has been expanded to include the finanexpanded to include the manifestal information services department. Mr Gerry Stevenson, personnel director, has been appointed an associate director,

Mr Nick Tuthill has been appointed a director of VICKERS DA COSTA, stockbrokers.



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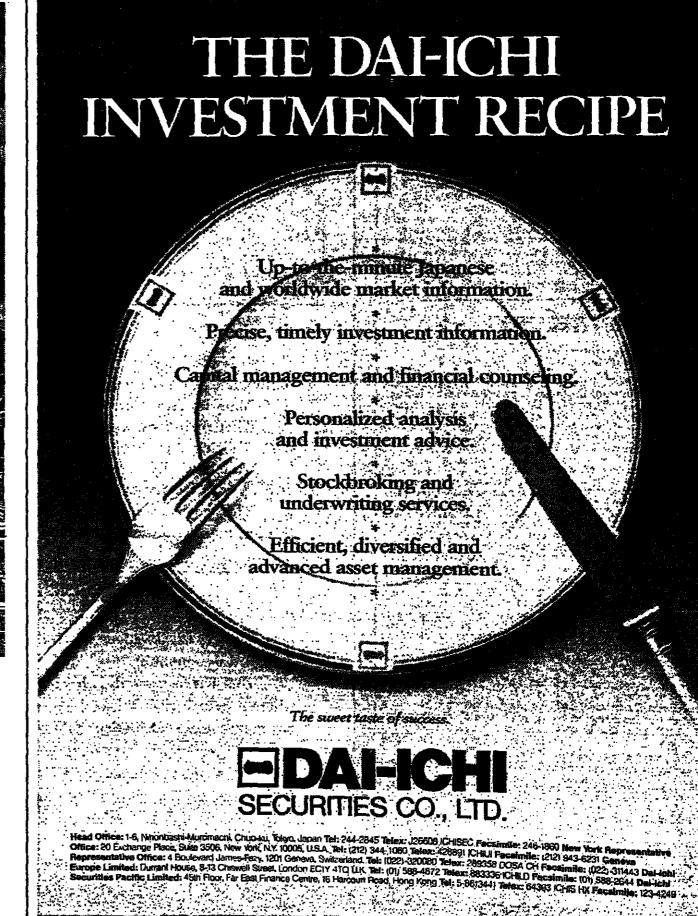
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Heinz Wolff gives Epson's new Taxi its toughest test yet: his mum.

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At least, that's what we think. But then, we invented Taxi so we're bound to be biased.

Professor Heinz Wolff's mother, on the other hand, doesn't know a thing about computers. So she's just the person to put us, and Taxi, to the test.

That she did. Gingerly, at first, she took the 'mouse' in her hand and moved a graphic finger across the screen. Then click. She pressed a button on the mouse, and that was it.

In fact, that is it. Because the QX-16 with Taxi is one of the easiest business microcomputers in the world to use.

We invented Taxi software especially for people who don't even know what 'software' is and for those who think a 'mouse' is a furry thing that eats cheese.

All the same, the QX-16 is a powerful 16-bit microcomputer that computer buffs like Professor Heinz Wolff himself can appreciate.

It simply uses pictures instead of jargon to guide you step by step through a program.

Open a file, read a memo, use the calculator, write a business letter or report; whether you work in figures or words, once you've handled one Taxi program, you can handle them all.

Whatever business you're in, you'll find stacks of software is made easy to use by Taxi (most off-the-shelf IBM programs, for example).

Perhaps even more inviting is the fact that you can buy a complete Taxi business computing package,

including one of the world's most reliable computer printers, for just £2,750 (ex VAT).

Your local Epson dealer is the best person to talk to about getting Taxi into your office. (If you don't know who yours is write to us at Epson (UK) Ltd., Dorland House, 388 High Road, Wembley, Middlesex HA9 6UH and find out. Or dial 100 for Freefone Epson.)

Your mother may be the best person to take along to a demonstration, though.



HEINZ WOLFF IS PROFESSOR OF BIOENGINEERING AT BRUNEL UNIVERSITY, CHAIRMAN OF THE EUROPEAN SPACE AGENCY MICROGRAVITY ADVISORY COMMITTEE, BROADCASTER AND CONFIRMED COMPUTER ADDICE.

Fluor complex for **London Docklands**

Development Corporation has pharmaceuticals and general landed its second major office manufacturing industries," said landed its second major office deal in a month. Following Fluor GB, this week. "The news of the Marples Inter-Docklands Enterprise Zone national plan for 330,000 sq ft at offers an interesting environ-the end of August, Fluor Great ment, and with the STOL air-Britain decided this week on a port, provides good communica-move from Euston Square to a tions for our clients in the UK move from Euston Square to a site on the southern side of the West India Dock

Both sites are in the Dock-lands Enterprise Zone. But while the Marples scheme is speculative, and phased Fluor UK subsidiary of the U.S.-based engineering and construction group—is going for a purpose built office complex of some 200,000 sq ft for its own

with the LDDC to develop the 3.8 acre site and has appointed YRM, architects and planners, to provide a design. LDDC chairman Christopher Benson hal, seen early ideas and expects a "very fine" building, "I'm delighted at the news," he said;

Fluor is a real capture." And so it is. While news of development to be funded from a U.S. consortium's plan for outside sources, giving it the And so it is. While news of Sm sq ft of office space on Canary Wharf may have to wait until the end of October—pending a parliamentary bill for the extension of the Docklands Light Railway from Tower Hill to Bank—this deal will help to more tax efficient than outright, keep the Docklands pot boiling, and immediate freehold acquisi-Fluor is helpfully enthusiastic, tion.

Docklands "We work for the oil, gas and major export markets such as Europe and the Middle East."

Fluor employs about 1,000 people in its Euston engineering centre and currently occupies about 116,000 sq ft in one 10-storey tower block, and a central three-storey block of Euston Square, owned by British Rail and Norwich Union.

needed a different kind of building in a different part of Frank & Rutiey and terms have
London. Its employees get a
lot more space and yet, while
the company is not yet able to
go into detail on the costs of
the project, it expects to be able
to reduce its operating costs in
the process.

The company expects option to purchase at a later time. This method has been employed in headquarters con-struction deals in other parts of the country, and Fluor confirms that delayed purchase can be

Reigate permission for L & M

JOINTLY WITH Guinness Peat Property Services (trading as Jumpcloud), London & Metropolitan Estates has received planning permission for a 67,500 sq ft office development in Reigate, Surrey.

It bought the site two years ago but its proposals were called in by the Environment Secretary despite support by an existing Reigate user. A plan-ning inquiry followed last November but it took a govern-ment reshuffle, grumbles L & M executive David Lewis, to get a decision through. Reigate is a hot-spot on the

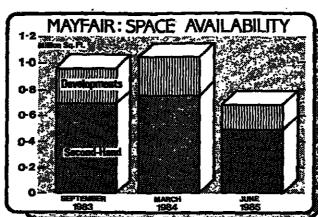
London periphery, close to the M25 and Gatwick Airport, with profitably and efficiently, it needed a different kind of building in a different part of the profit agents are Knich.

£17m on completion, is prominently located opposite Reigate Town Hall on the corner of London Road and Castlefield Road, the town's main office location. "It was crying out for office development," says Mr Lewis.

Weatherall Green & Smith receptable B. Wassen. The

bounded by Whitechapel Road, Brady Street and Vallance Road in the heart of London's East End. represented R. Watson. The scheme was initially assembled The scheme could even-ually see over 500,000 sq ft tually see over 500,000 sq ft of retail floorspace, a major by London and Colonian Pro-

Mayfair forecast



fall in availability of space since March 1984, say Richard Ellis in their latest West End

office report.

The decline has been most spearent in development space, availability of which totalled only 183,000 sq ft by

TOWER Hamlets Council is

going ahead with a scheme to

build a major shopping centre

en a 5}-hectare (14-acre) site

Speculative development completions for 1985 and 1986 are currently scheduled at 390,000 sq ft and 170,000 sq ft respectively.

However Ellis see the market absorbing that without difficulty, and top rents rising from £26 a foot to £30 by the end of 1986.

Tower Hamlets tests the market development, around

200 flats and parking for up to 1,200 cars on the vacant

site.

Hillier Parker, says the council, raised some doubts about the scale of the shopanout the scale of the sup-ping element. But Tower Hamlets has decided to test the market and will be in-viting developers to submit outline proposals next month.

Maxwell Creasey retires

"PROPERTY has been my life and my pleasure," says Maxwell Creasey, deputy managing direc-tor of MEPC, who retires on Monday after 38 years with the

Mr Creasey is regarded as one of the most "professional" of the directors of major com-panies, and takes that reputa-tion with him as a non-executive director of Associated British Ports, Grainger Trust and Ronald Martin Group, and to his position on the London Boards of Sun Alliance and the Rock Building

He also takes a dry sense of umour: "Personally, I've humour: always avoided having a com-puter terminal in my room; Christopher Benson (MEPC's managing director) has one, but I haven't seen any wires connecting it to the wall."

Mr Creasey was for many years in charge of MEPC's whole UK investment portfolio before handing on to James Tuckey, and since 1978 has been Chairman of MEPC American Properties.

He will not be replaced. Mr Benson expects the executive board to drop to four-himself, Mr Tuckey as estates director, Roger Squire on development and Jim Beveridge in finance after ex-EPC director Stanley Honeyman retires next year.

Shrewsbury plans a Pride of retailers

IN generous mood, Shrews-bury and Atcham Borough Council gave detailed plan-ning permission this week to John Laing Developments and Shell Pensions Trust for a 540m town centre shopping scheme. It is only a matter of a few weeks since Hardanger Properties got its permission for another shopping shopping another permission permission for another shopping centre nearly

permission for another safety-ping centre nearby.

Both are on Pride Hill; the Laing/Shell development will be known as The Pride and let by joint agents Hillier Parker and Debenham Tewson & Chinnocks.

The Pride includes a 1,000 space car park, a new town centre bus station, and extension and incorporation of the existing Marks & Spencer. Littlewoods and Woolworth Stores. Excluding the latter, gross area of the scheme is 443,000 sq ft and the net 180,000 sq ft against Hardganger's 109,000 sq ft from a gross of 185,000 sq ft.

O Barclays Bank says that it had informal talks with the City of London planners on Tuesday to look at its occupational requirements for the next decade. It has over 20. buildings in the City and would like to see a much smaller number with larger, The Pride includes a 1,000

smaller number with larger, open plan floors. Architects GMW are eported to be putting together GMW

a plan for a development cost-ing £100m on the site of

Barclay's existing head-quarters at 54 Lombard Street; space requirement is variously estimated at 350,000 to 400,000 sq ft.

OUS. notes: Ladbroke's London & Leeds subsidiary has pre-let to MCI Telecommunications the first of three 90,000-sq-ft buildings which form the second phase of its Royal Executive office park development in Westchester, New York State, lifting its total rent foll at the park to

over £5m. Centros Properties' Boston offshoot has pre-let its new £20m 173,200-sq-ft office building at Massachusetts Turnpike, Boston, within weeks of its completion.

• Chestertons are looking for £131m for Gallaher's freehold at 65 Kingsway, London, WC2, hich offers 60,000 sq ft of office space.

 BAT Industries and Lambeth Council, progenitors of the Brixton Enter Centre, thought they Enterprise a winner when, after a com-petition, they chose "The Stock Exchange" as the name for the basement half of the centre's retail element. Regiscentre's retail element. Regis-tration in Cardiff said no. sensing the possibility of some confusion with an establishment further up the Northern Line. So they are thinking again—and open to

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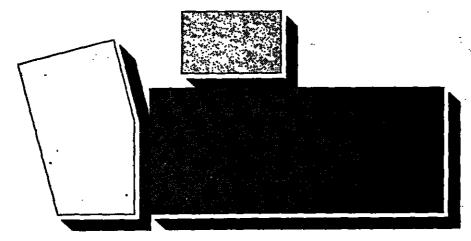
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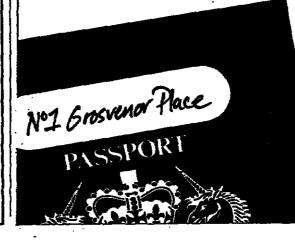
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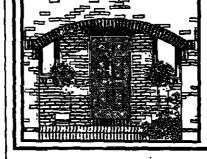
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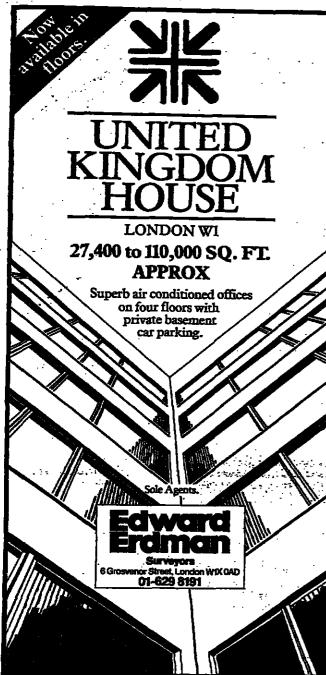
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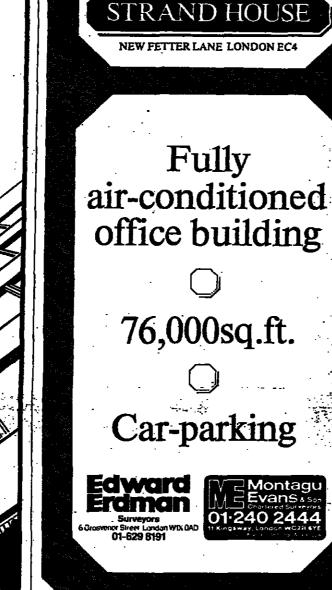
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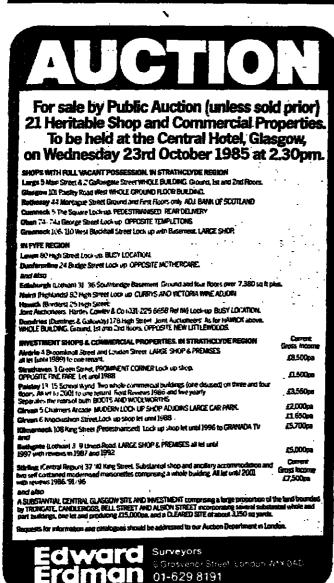
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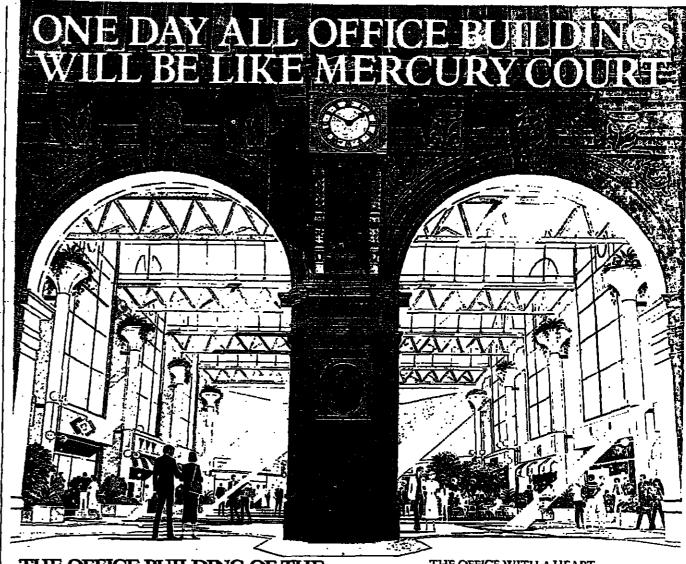
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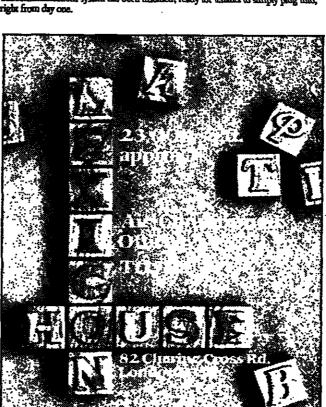
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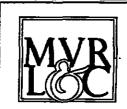
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Software publishers strike back at the pirates

Copyright holders in the U.S. are turning to widely differing ways of protecting their wares, reports Louise Kehoe

APPLE Computer recently had to remind its employees: "Thou shalt not ever copy copy-righted software." Even at of software copyright, it was discovered that a few employees were illegally copying

"Our company's compliance with ethical practices and the law is better than 99 per cent of the companies in the U.S.,"
Mr Al Eisenstat, Apple's legal
adviser, claims, but he admits
software piracy is difficult to
control. If it happens at Apple, it is going on everywhere.

To many, making copies of might use more than one personal computer programs machine.

does not seem to be a crime. Another big drawback of copy After all, they reason, it is just potection has emerged with the order to run the software you like duplicating a magazine growing popularity of "hard had to make sure that the article, is not it? Not so, say disks." These storage units, original program disk was in software publishers who are which attach to the personal drive A. Once the programe variously estimated to lose computer, can be used to hold was loaded, you could remove between a quarter and a half several frequently used on the lose of the lose disc." software publishers who are variously estimated to lose

ing illegal copying of their products. All have settled out of court.
To stop users copying their products, many software pub-lishers incorporate "copy pro-tection" schemes. Codes on a disk make it difficult to duplicate, but such schemes are not foolproof. Special "copying" programs can be used to over-come most of them.

Taking a stan dagainst soft-ware piracy, Lotus plans to incorporate "hardware protec-tion" on its disks. This is a system which marks the disk with a code that identifies the computer it is run on. After the first use, the disk will not operate on any other computer. Although it is the surest defence against illegal copiers, hardware protection does represent a significant inconvenience to users — especially those who

generally tolerated casual piracy by individuals who run off a copy of a program for a friend. They draw the line at corporations. Lotus Development, publisher of 1-2-3, has sued five U.S. companies, alleging illegal copying of their products. All have settled contains a program sonto the unit. If number of hard disk users grew, however, Living Videotext this procedure does not work.

One solution has been the companies. "We were trying to use of the "key disc" method. send a signal to our users such a signal to our users were sending a signal in approach. "In February 1984 back: 'We want convenient to the system worked well. As the number of hard disk users grew, however, Living Videotext received numerous customer companies." "We were trying to use of the "key disc" method. send a signal to our users were sending a signal in approach. "In February 1984 back: 'We want convenient to the system worked well. As the number of hard disk users grew, however, Living Videotext received numerous customer companies." "We were trying to use of the "key disc" method. send a signal to our users were sending a signal in approach. "In February 1984 back: 'We want convenient to the system worked well. As the number of hard disk users grew, however, Living Videotext received numerous customer complaints." "We were trying to use of the "key disc" method. send a signal to our users were sending a signal in the system worked well. As the number of hard disk users grew, however, Living Videotext received numerous customer complaints." "We were trying to use of the "key disc" method. send a signal to our users were sending a signal in the system worked well. As the number of hard disk users grew, however, Living Videotext received numerous customer complaints." "We were trying to use of the "key disc" method. send a signal to our users.

drive A. Once the programe was loaded, you could remove the key disc."

grams. But to use the hard At first, the company reports, disk, the user must first copy the system worked well. As the

that it is wrong to distribute personal computer is bought, the copies of our software.

"We believe this method is new set of software to run on just as good as copy protection,

Again, Lotus Development is leading the industry with a new system which allows the user to



tunity to buy an unprotected version for an additional \$40. "The recipient of an unproa licence agreement—a very

we released the PC-DOS adapting those who might use more than one machine.

Another big drawback of copy potection has emerged with the growing popularity of "hard continuation of the companies Once the programe tected diskette must also execute ing "site licences."

ing that it is futile to try to their products, some are offer-

According to U.S. copyright

the machine. "Sharing" the software by makin gcopies or using a back-up disk on a second machine is not allowed.

on the total number of com-puters at the site and the cost per unit is generally sig-nificantly lower than the one-

But the site licencing scheme does not appeal to software retailers. "Site licencing con-fuses the sales efforts in the market place because of incon-sistent pricing and policies," Mr Frank Slovenec of Microrim "Not only does it with distribution but it lowers the believes. compete . standards for technical

customer support."

licencing, Microrim is offering its R:Base data base program with a company-based licencing scheme which includes considerable support and service.

Company-based licencing schemes may be the answer machine is not allowed.

A common example of illegal copying occurs in schools. Teachers in the U.S. are notorious software copiers. It is not difficult to understand why teachers with small classroom budgets will baulk at the prospect of purchasing dozens of copies of educational software. Instead, they make copies of the computer disks—just as they depulicate work sheets for classes.

"Site licences" grant corporations and educational institutions the right to reproduce and distribute software to eligible computers and work stations. The licence fee is based on the total number of computers at the site and the cost

two new licencing schemes. By un-bundle software from documentation and support, with each of the three pieces purchased separately, the researchers predict. Beyond 1987, they expect software to be down-line loaded from local departmental processors, on a "pay for play" basis. Such schemes will eventually reduce software prices.

"Innovative software com-panies which offer new user licencing agreements will use them as strategic weapons against the old guard—Lotus,

dispense, fluid nower special-purpose valves, general engineering, refined and wrought metals.

Sourcing agreement bears fruit

have amounted a new ver-sion of the Motorola 68000 16/32 bit microprocessor build in CMOS technology. The product is the fruit of the companies' 1979 second source agreement. CMOS technology is much

favoured these days because it has much lower power requirements than nMOS

requirements than naive circuitry.

The 68HC000 needs less than 40mA of supply current, giving significant system cost savings and improved reliability.

The chin is expected to be

reliability.

The chip is expected to be used by designers of high performance computer peripherals, industrial controls, instrumentation and communications equipment. It also makes possible new kinds of portable computers and peripherals.

Motorola provided the architecture, instruction set and legic, Eitzehi the CMOS fabrication technology.

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How a U.S. space centre will recognise its staff

THE U.S.'s new military space the Global Positioning System. command centre near Colorado

the colours and shapes of their

These readings will be matched with individuals' records stored in magnetic

Any legitimate employee who suddenly put on weight after a heavy meal, for instance, or took to contact lenses which changed his eyes colour could find enter-

ing the base difficult.
By 1990, the base, to be run by the U.S. Air Force Space Command, will house 3,300 people who will control military military satellites like the new the public supply is unavail-set of navigation vehicles called able.

command centre near Colorado
Springs will use the latest technology in its bid to keep out unwelcome visitors.

Security guards at the \$1bn Consolidated Space Operations Centre, which starts full operation next year, will use equipment to check the weights of people entering the centre and the colours and shapes of their radiation from the interior leaking outside and providing information to human eaves-droppers and sensors on Soviet

spy satellites.
Controllers in the centre will form on plastic cards similar supervise operations of Milton a bank card. star, a new generation of com-munications. satellites which should start operating later in the 1980s to link U.S. forces around the world with home-

based command posts.

The base will have its own diesel-driven generator system and will store 1.3 million gal-lons of fuel—enough to provide electricity to maintain opera-tions for 30 days in the event of

IBM's Teamwork aims at an accounting market

computer software market continue with IBM Teamwork. a suite of multi-user accounting software programs which run on the IBM Personal Computer Network,

Teamwork has been written for IBM by Pegasus Software, authors of the most popular

authors of the most popular microcomputer accounting software in the UK.

A version of this software, Pegasus PC, is already available for the PC; Teamwork—comprising sales, purchase and nominal ledger, invoicing/sales order processing and state control—is intended

voicing/sales order processing and stock control—is intended for larger organisations with more sophisticated data processing requirements.

All the modules integrate with one another but may be used independently. Each application costs £500 and a system pack needed to run. system pack needed to run any application is £100. IBM is also distributing

sional drafting system

and civil engineering applica-tions. It acts as a "word pro-cessor" for drawings, IBM says, allowing the user to create and edit drawings of any size and to any scale. The any size and to any scale. The program, which runs on the hard disk PC family with a minimum of 384K of RAM, costs £2,000 ex VAT. IBM suggests 640K of RAM is needed to make the best use of the program.

AutoCAD, which is written by Autodesk, can be used on its own or in combination with the IBM PC Science and Engineering series.

the IBM PC Science and Engineering series.

IBM says that these computer programs can be used to prepare initial designs of buildings, check the proposed structure using programs like Analyse and Steelware, and return to AutoCAD to produce detailed drawing plans. Input is via the keyboard, a mouse or a digitising tablet: mouse or a digitising tablet; output can be on a wide variety of plotters.

Trojans in the N. Sea

A GROUP of Trojans is working under the North Sea in oil and gas development activities for BP and Saga. Trojan is the name of a new type of numanned submarine developed by Slingsby Engineering (part of London-based British Underwater Engineering) that can operate to depths of 1,000 metres,

powered hydraulically and commanded by an operator on the surface who relays instructions to the submarine by fibre-optic cables. Trojan contains a manipulator or claw which can grab items— pipework, for instance—to bring them to the surface.

Graphs in your pocket GRAPHIC presentation of

data is now available in what is probably its most compact and portable form yet with the introduction of Caslos FX7000G (right).

The company has managed to squeeze into its latest pocket calculator a LCD screen 35mm by 52mm to accommodate 63 x 95 dot graphics or eight lines of 16 alphanameric characters. The calculator can chart statistics and plot data on this screen, as well as offering the func-tions of a programmable scientific calculator

The device can plot data The device can plot data entered as a series of x and y points, so the user can judge whether the best shape of fit is likely to be a straight line, a single exponential curve.

The FX7000G is equipped with \$2 uranaryaymad with 82 pre-programmed scientific functions and can directly draw graphs of 20 of

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one of Britain's best-known makers of brassieres, launched a new range of co-ordinated lingerie under the doubly evoca-tive name of "Lace." Now it is about to move into a slightly higher market segment with a line of bras, slips, briefs and French knickers bearing the Joan Collins pseudonym of

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Strange though it may seem, both moves owe their proven-ance less to the blockbuster success of Shirley Conran's novels and TV's "Dynasty" than to the down-to-earth teachings of a group of business school professors.

Three years ago this month John Hall, now Gossard's managing director, attended an intensive fortnight's indoctrination in business strategy which Professor John Stopford of the Business organises every September for a bandpicked group of managers from Courtands, the UK textile-to-chemicals group. Its textiles interests, which include Gossard, constitute the largest textiles concern in Europe textiles concern in Europe.

Among the many lessons Hall says he learned at that Courtailds management seminar were the techniques of precise market segmentation, the need to know exactly who your customers are (or who you want them to be), the vital importance of understanding your competitors in detail, and the value of developing crystalclear strategies which are debated openly with your

managers. As a result of that experience, Hall instigated a dramatic upgrading and expansion of his company's marketing skills, including in-depth market research which for the first time told Gossard who most of its customers were: not the socio-economic class "As" and "Bs" it had always assumed

"Bs" If had always assumed (its products have always been pitched relatively up-market), but "Cls" and "C2s."
"Without that information, we wouldn't have gone ahead with our new ranges with the same confidence, conviction and investment," says Hall.

Though particularly pointed

Though particularly pointed, the Gossard story is only one of many instances of the contribution that the management seminars have made to the professionalisation of Courtaulds managers since the company barely survived a disastrous slump at the beginning of the

Like many companies in Europe, Courtaulds has until very recently been short of managers capable of pursuing as sophisticated strategies as their American and Far East competitors, both at home and on

Corporate renewal

How Courtaulds is spawning a new breed of manager

BY CHRISTOPHER LORENZ

education programmes of many companies, which are often hitand miss affairs with little last-ing effect, the Courtaulds seminars have contributed to a measurable increase in the rigour, sophistication and clarity with which many of its managers now take decisions. Even now, many participants on the first two seminars, in 1981 and 1982, can join with John Hall in pointing to a host of ways in which the experience improved their ability to cope with all the day-to-day challenges need by the explosions. lenges posed by the explosion of intense international competition amid a slowdown in

Sir Christopher Hogg, a Harvard Business School graduate who initiated the seminar in 1981, two years after he had taken over as Courtaulds chairman and chief executive, describes the task of absentive. describes the task of changing the way managers think and act as "one of the prime tasks of management, and one that is very hard to accomplish."

Despite the success of the

seminars, Hogg is at pains not to exaggerate their impact. He points to all the other factors that have also contributed to a change in managerial behaviour years, including the mind-concentrating pressures of com-petition in a vicious marketplace, much greater delegation of responsibility to a newlydecentralised corporate struc-ture, the setting of clear and tough objectives, and the use of strategy consultants such as McKinsey and Kepner Tregoe to reinforce the professionalisa-tion drive. "Lots of things have been happening, and reinforc-ing each other," says Hogg. Describing the impact of the seminar as "modest but crucial." Hogg says it has helped shift management thinktraditionally inward-looking preoccupaton with production; it has equipped executives with new tools of analysis, and especially with new ways of thinking about the competition;

it has helped create the much

greater openness that now characterises communications

COURTAULDS

ing down the line—"something that isn't easy to do if you don't want to be dictatorial." All too often, he says, communicating downwards from the top of a company " is like shouting into a void. Certainly the comments of seminar participants include a

remarkable proportion of bornagain declarations such as "I "I suddenly saw the light"; "It made me realise that seat-of-thepants management is no longer enough"; and "It shortened ryone's learning curve by up ing in Courtaulds away from its to 10 years." Even the more restrained participants have little but praise for what they were taught in the classroom, and for its continued usefulness ever since in the real world outside. (See columns 7 and 8 for the views of some of them.) factors.
In specific terms, Mike Wood-

n international front. up and down the company; and house, chairman of two of the diately forthright than Hogg in classroom discussion. But unlike the management it has given him a way of reach- group's seven operating boards. his view that "the seminars diate business needs."

Fibres and BCL (formerly British Cellophane), says that before the seminars started "there was no real understanding of competitor analysis."

Nor, he says, was there much comprehension in Courtaulds "of the Boston Consulting Crown theory of competition." Group theory of competition"

— that is, the "experience curve" of low-cost manufacture, and its relationship with the concept of business port-

The basic principle of the experience curve is that the real cost of adding value falls by between 20 and 30 per cent with each doubling of accumu-lated experience, as defined by factors. It is closely related to the portfolio matrix concept, in which the competitive position of a business is plotted against market growth.
Woodhouse is more imme-

have been a significant factor in changing the culture of the company," and in stating that Hogg's aim in launching the seminars "was to build a cadre of people with the same approach to business as him-

To Dr Norman Wooding, who has worked at Courtaulds for over 40 years, and is now one of the group's two deputy chairmen, the seminar series "is part of a total determination to raise standards throughout the company. We've all been pleasantly surprised by its suc-cess." Even among managers who have not attended it, he who have not attended it, he says it has created a cumulative "ripple effect" across the group. "There's now an air of confidence around that there wasn't two years ago. People know what they're doing better, and they're getting better results"

Given the hit-and-miss record of much education in improving the way managers manage and the natural limitations of any two-week course, how can the Courtaulds seminars be such an

The most obvious factor has been Hogg's own commitment to them. Whatever he may say about the problems of com-municating messages downwards through an organisation, he commands such an intense degree of respect down the line at Courtaulds that the imprint of his personal stamp on any initiative gives it very consider-

Then there are all the other mutually reinforcing factors to which Hogg refers. But the suc-cess of the seminars also owes much to their careful design. Professor Stopford spent two years in and out of the com-pany before the first one was held in 1981, and has continu-ally updated and improved them

Stopford is clear that "effective in-company education can only work when it goes with the grain of other developments. There is such limited time available for formal instruction that ways must be found of levering the effect by linking classroom discussion to imme-

Among various changes to the seminars' programmes, greater emphasis has been placed on financial management, which Stopford discovered was a weak point among many of Cour-taulds' unit managers. There has also bene a fairly rapid turnover of the case studies and teaching staff, and over the past two years the balance of teaching has been shifted from strategic analysis and planning to the organisational problems of implementing strategies.

Much of the seminars' effectiveness is attributed by Geoffrey Burch, Courtaulds director of management development, to the efforts which are made every year to ensure relevance not only in general terms, but also to the partici-pants' particular set of busi-nesses. Everyone attending is provided with a personal diary in which to jot down "action points," both for themselves as individuals and for their busi-nesses. Within a year of attend-ing, participants discuss with Burch or one of his colleagues how they have applied their learning.

Not everything has been plain sailing, however. The semi-nars were suspended for a year in 1983 to allow managers who were more senior than the seminar participants-most of whom are from the third or fourth layers of management to attend a series of condensed seminars. Until then, many participants had complained that their efforts to apply what they had been taught were being blocked by their superiors. There is also some feeling that most product groups could do more to reinforce the impact of the seminars. Only one group, BCL, consciously encourages a network of seminar alumni by holding annual follow-up meetings. A number of participants is also now suggesting that the "critical mass" of strategically competent managers could be enlarged more rapidly if mini-

versions of the seminars were organised for their subordinates as part of the expanding menu of courses offered by Courtaulds' training centre near Warwick. The International Paint product group has already developed programmes of this

Such caveats apart, there is every evidence that the seminars have played a central part in the dramatic improvement in the past five years. "We've gone 35 yards out of 100," says Hogg. He thinks the next 35 may be easier, but stresses that there is still a long way to go. People are very slow to come to fruition in strategic manage ment. There's no way you can hurry it because there's no way of shortcutting experience."

Breaking out of the circle of convention

To Derek Twogood, one of the many lessons of the 1982 management seminar was encapsulated in the twin maxims "create dangerously" and "don't just think -- do something!" Amid all its emphasis on rigorous analysis of strengths and weaknesses, on experience curve effects, and on all the other apparatus orientated. He recalls with crystal clarity its repeated stress on the need to learn through personal failure, as well as success, and on the virtues of breaking out of the circle of convention.

The seminar 'improved my discipline in assimilating the key facts from a mass of reading matter and my ability to apply the tools of strategic planning

For someone brought up on the old Courtaulds way of management, where initiative was largely confined to the centre, and was applied in an often dictatorial manner, this was heady stuff. In many ways Twogood represents the archetypal Courtaulds manager — straight from school into the services or employment. further education along the way, learning the complexities of management through a mixture of on-the-job experience and applied common-

In his mid-50s when he attended the seminar, Two-good had just presided (like many of his peers) over the closure of a large fibres plant. A survivor of the mass redundancies which accompanied Courtender side in panied Courtaulds' crisis in 1979-80, he was put in charge of the carbon fibres division, a potential fast-growth business which had been languishing in the shadow of its ailing textile parent. Now, with the help of a clear and focused strategy of concentra-tion on particular tech-nologies and markets, his unit is growing fast, and becoming a star performer within the Courtailds portfolio.

The same is true of Amtico,
a vinyl flooring maker which

forms part of Courtaulds' National Plastics subsidiary. John Harris, its chief executive, then in his mid-40s, was another participant at the 1982 seminar. For Harris, a born entrepreneur who has never had difficulty practising the virtues of being "close to the customer" and watching the competition like a hawk, the main benefits of the seminar were that "it which increased were that "it much improved my discipline in assimilating the key facts from a mass of reading matter," and that it improved his ability to apply the various tools of strategic planning. These and other cnefits were "tremendous," he says.

For Sandy McDonald, then in his mid-30s, the semi-nar served a more funda-mental purpose, of helping transform him from functional specialist into general mana-ger. An economics graduate who later qualified as an accountant, McDonald had risen to the position of finance director of a sizeable Controller cubildiers before Courtailds subsidiary before deciding to take the plunge

Since last year he has been in charge of three small com-panies in the childrenswear section of Courtauids contract ctothing group. Like Twogood and Harris, McDonald talks avidly of the way his com-panies are becoming more responsive to customer needs.

With a more naturally analytical mind than many Courtenids managers, he had familiarised himself with the latest American concepts of years before attending the seminar. But he still found that "it made me better able to manage — in all sorts of ways." In particular, he felt that it built his confi-dence (and competence) in choosing between conflicting priorities.

Despite his relative lack of managerial experience, Mc-Donald's comments after the seminar raised a set of unusually perceptive — and awkward — questions for Courtaulds senior manage-ment. Not all of them have yet been fully resolved. He argued, for example, that the company's control systems were not flexible enough, and that eash ratios and various procedures tailored to the control of Courtaulds' many mature businesses were



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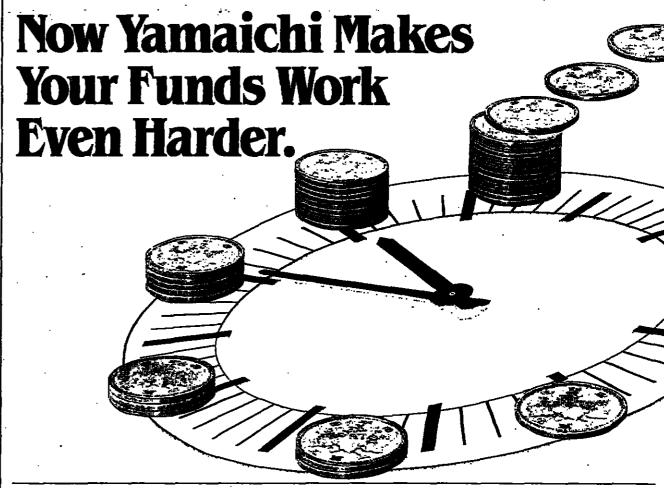
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Exhibitions

panish Paintings of the 16th and 17th centuries: 45 oils by masters such as El Greco, Murillo, Velasquez, Zur-baran. Religious paintings domi-nate, but the exhibition is well denate, but the exhibition is well designed, heavy, dark paintings relieved by the light decor and simple lines of the gallery. The bizarre but powerful Bearded Mother of Jose de Ribera is interesting. Seibu Art Museum. Seibu Department Store. Rechukuro branch. Ends Oct 13.

gaussoum of smooth Art, Kutanoma-ru Park (near Palace and Imperial Hotels and parts of Tokyo's oasis near the Imperial Palace). Ends Sept 39.

NEW YORK

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends

from the larger Royal Academy ex-hibit, this view of Edward Lear's prolitic career covers not only the famous illustrated limericks and nithological studies. Ends Nov 3.

National Museum of American Art: 35 paintings by Alexander Hogue cap-ture the American Southwest through dustbowl and prairie in highly stylised evocative works from the 1920s to the present. Ends

Medieval Art in Paris: The Abbots of Chuny built their magnificient late Gothle town house in the heart of the Latin Quarter on the blackened ruins of Roman Baths. Now a mu-seum, it houses medieval works of art Goldsmiths' work, carved attar-pieces, ivories, fabrics, with two En-glish Royal standards embroidered in gold on red whyst. In a printing of n gold on red velvet. In a rotunda of in gon on ret velvet, in a rutanta or its own is a set of the Lady and the Unicorn mille fleurs tapestries — an allegory of the five senses, one of the masterpieces of medieval art. Musée de Chury, Place Paul-Painlevé, Métro Odéon.

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were made of Viennese porcelain, others of Bo-bemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to be guile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 29.

Imsterdam, Stedelijk Muse ters illustrating the work of a new generation of Japanese designers and art directors. Ends Oct 27. From 1960 to 1974 Joseph Beuys made a trademark of crosses in brown paint. The present Braunk-reuz exhibition traces the evolution from the single cross used almost as an afterthought to the high reliefs of the later panels. Ends Oct 13.

gimpse behind the scenes of 18th-century opera production, with prints, drawings and scale models il-histrating set design, costumes, stage machinery, and the use of ges-ture to beighten the dramatic acture to heighten the dramatic ac-tion. Ends Nov 10.

ry to the present day by figures as diverse as Veronese, Viollet le Duc and Otten Husley. Ends Oct 6.

WEST GÉRMANY

Milwich, Villa Stuck, Prinzregentenstr. 60: A retrospective of the works of Otto Dix with 472 oil paintings, aquarelles, graphics and drawings from between 1891-1969. It is the biggest assembly of his works ever. Ends Oct 27. Emden, Ludolf Backhuysen-Geself-

found jole de vivre. There are the themes of minotaur and the corri-da, portraits of his wives and of the

women who shared his life.
The ensemble of his sculptures is, however, quite unrivalled, since it

represents all his works, including all the pieces from which he could

never part.

The donation is completed by Picasso's collection of paintings by his biends, such as Braque and Matisse, or by artists he admired – Remoir, Cesanne, Donanier Rous-

PICASSO'S PICASSOS

Then John admitted

he hadn't slept with

his micro-computer

formonths.

The 17th-century Hotel Sale, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work given to the French state by his heirs in settlement of death duties. It comprises 203 paintings, 188 semiptures and more than 3,000 drawings and engravings, 16 collages and 85 pieces of ceramics, all of which Picasso had kept in his atelier.

The collection of paintings ranges from 1901, the year of his arrival in Paris to his last works finished barely more than ten years ago. His prodigious creativity is reflected in works ranging from Analytical Cubism to a neo-classical style, from corrosive paintings reacting to the herrors of war to pastoral ones expressing his new-

museum's collection of works by the Russian Constructivist, El Lissitzky (1890–1941), comprising 85 (1890–1941), comprising 85 gouaches, watercolours, drawings and etchings, is on view until Oct 13. Haarlem, Viceshal (Grote Markt). De-signs for wall and ceiling paintings from art dealer Lodewijk Houthakker's famed collection of architec-ture drawings. Idyllic landscapes, trompe l'œil architecture and flut-

tering cherabs from the 16th centr-

sean.
Műsée Picasso, Hotel Salé, 5 Eue
Therigny, Paris 3E (2712521) Inau-gurated by the French president on Sept 23, opened from Sept 28. Will be closed on Tuesdays.
MAGDA HAMSHER schaft, Rathaus am Delft retrosp

East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov. Aachen, Suermondt-Ludwig-Museum Wilhelmstr. 18: 100 drawings, water colours and plastics from Joseph Beuys, covering the fifties and six-ties. Ends Sept 29.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) - The Erruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent ch into the Etruscan world. A research into the European watering useful history of this civilization's Encis Oct 20.

Florence: Palazzo Pitti (Sala Bianca): Modern masters from the Thyssen-Bornemisza collection: The pressure to be had from this remarkable exhibition is that it reflects the tasts and prejudices of one individual: one of the few left who can afford one of the new left wan can annual Corot, Manet, Gauguin, Picasso - and who is generous enough to send them to be exhibited in France, England, the U.S. Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last antunn. Ends Sept 29. ome: Palazzo Venezia (Plazza Venez-

ia 3): Paesaggio Con Nigura - 57
works from the Borghese collection. works from the borguese consecuta-The Villa Borghese, which houses one of the best patrician art collec-tions in Rome, is likely to be closed for repairs for at least another year and some of the gens from the collection have been transferred to this site for the summer. Includes works by Titian, Veronese, Domenichino, Caravaggio and Dosso Dossi. Ends

A vast exhibition in a splendid set-ting, organised by the Polish Minis-try of Culture and the Italian Insti-tute in Warsaw: paintings, drawings,

architectural designs, jewellery and furniture lent by Polish museums, from a troubled, but highly creative. period of Warsaw's history. End. Nov 20.

Opera costames from 1959 to the present including Zeffirelli's Rigoletto.

Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus, Mu sée de Costumes et Dentelle. Until

SWITZERLAND

fartigny: Fondation Pierre Gianadda: 250 Kies paintings in the striking modern gallery built over the Ro-man ruins of the city of Octoburus. Ends Nov 3. (026/23978).

im-ge-stete = Anim, One wager, Schiele, Kokoska, Akioff Loos, Jo-sef Hoffman - in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Frend) and powingensiem out out of the emer-gence of municipal socialism on the ruins of Baroque spiendour) is an ruins of Haroque sptendour) at animitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's roung at the struction of Hoffman's more at the struction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

Ivo Pugurelich, piano: Bach, Beethoven, Chopin (Mon). TMP-Châtelet (2234444)
Ornette Coleman: Skies of America Symphony conducted by Cyrll Died-erich (Mon). Theatre des Champs Élysées (7234777) rehestre National de France conduct-

ed by Lorin Maszel: Berlioz, Ravel, Debussy (Wed). Théâtre des Champs Eysèes (7234777) Inchestre de Paris conducted by Deniel Barenboim, Claudio Arrau, pia-no: Liszt, Brückner (Wed). Salle Pleyel (561 0630) Inchestre de Paris, Ensemble Inter-

contemporain, Pierre Boulez as conductor and piano soloist, Salvatore Accardo, violin, Albert Tetard, cello: Boulez, Berg (Thur). Salle Pleyel (561 0630)

LONDON

nglish Chamber Orchestra conducted by Paul McRae with Stoika Milanova violin Mozart, Respighi and Stravinsky. Barbican Hall (Tue). (6388891).(635-8591).
condon Symphosy Orchestra conducted by Claudio Abbado with Jessye
Norman, soprano and Maurizio Pollini, piano. Berg, Ives, Mahler and
Brahms, Barbican Hall (Thur).

NETHERLANDS

Hall: Noël Lee, piano. Debussy

(Moz.). (718345). Guitar recital by Sergio and Odair Assad Brouwer, Sor, Rameau, Pia-Assac brouwer, Sor, Ramean, Pazolia (Tue). Anthony and Joseph Parature, two pianos. Berg, Ravel, Rarber, Schönberg (Thur). (314544) Minegen, Concertgebouw De Vereeniging. The Aachener Bach Collegium.

Bach, Telemann (Tue). Guitar recital by Sergio and Odair Assed. (Wed). (221100). The Kodo drum ensemble from Japan

performs Monday in Amsterdam, Carre Theatre (225225), and Wed-nesday in Utrecht, Muziekcentrum Vredenburg (314544).

Stefan Askenase, Piano, Chopin, Musikverein (Mon). Youth Chamber Music: Bach, Musik-verein Brahms-Snal. (Mon).

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Ni-kita Magaloff pianist: Schnittke, Rachmaninov, Stravinsky, Tchai-kovsky (Tue); Zubin Mehta conduct-ing, Hermann Frey baritone. Schu-mann, Schubert (Thur). Lincoln Center (874-2424) Carnette Hall: Concernsebouw Or-Carnegie Hall: Concertgebouw Or-chestra of Amsterdam conducted by Bernard Haitink. Haydn, Mahler

(Thur). (247 7459)

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting Andras Schiff, piano, with Women of the Symphony Chorus. Dohnanyi, De-bussy, Tchalkovsky (Thur). Tchaikovsky

eutsche Bachsolisten (conducted by Helmut Winschermann): in all-Bach programme. Tokyo Bunka Kaikan.

Okada (piano): Sc Schönberg, Beethoven, Shinjuku Bunka Centre Hall. (Mon) (235 1661) Telio Yanagui (soprano) in recital of Spanish song. Asahi Hall (11th floor new Mullion Building; Yurakucho, neur Imperial Hotel and Ginza. (Mon) (4038011; 2379990)

Opera and Ballet

LONDON

Boyal Opera, Covent Garden: the sec-ond new production of the Royal Op-era season is no less unusual than era season is no less umusual than the first – a staging (borrowed from the Hamburg Opera) of two one act operas by Zemlinsky, a late-Romantic Viennese composer recently rediscovered and celebrated. The casts for A Florentine Tragedy and the Wilde-inspired Birthday of the Infanta include Isobel Buchanan, Claire Powell, Kenneth Riegel and Guillarmo Sarahis: Colin Davis and Guillermo Sarabia; Colin Davis conducts. Further performances of Rossin's Barbiere, revived in last year's successful new production, with Thomas Allen the brilliant Figare and Keith Lewis the new Al-

sic by Gian Carlo Menotti, Igor Strasky. Paul Hindemith and Carol Sen. TMP-Châtelet. (233 4444).

Karen Huffstodt, Lillian and Kurt Moll (351151)

coni) with the Warsaw Orchestra and Freiburg Choir (under the aegis of the Scala – but performed in a

Kiss Me Kate: the Japanese version of Cole Porter's musical starring Chie-

any is the James O'Neill

as is (Lyceum): The first play about

calebration of the heyday of Broad-way in the '30s incorporates seems way in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropri-

hangar belonging to the engineering company). The opera had its world premiere last September at the Church of San Lorenzo in Venice. (809126)se: Teatro Orione (Via Tortona 3):

A new, young company Nuovi Vici Nel Mondo directed by Antonietta Stella with a series of old favourites: La Boheme, Madame Butterfly, Ri-goletto. (776960). SPAIN

regle

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sloje Is s

Seville, The Spanish National Ballet: Concerto Barroco. Choreography by George Balanchine to Bach: Claus-tro del Monasterio de San Jeronimo de Buenavista (Tue).

NETHERLANDS

msterdam, Stadsschouwburg. The Netherlands Opera launches is new season with a double bill. Zemlinsky's Geburtsdag der Infantin and Dallapiccola's Il Prigioniero directed by David Allen, sets and costumes by Frank Raven. Edo de Waart conby Frank Raven. Son de waart our ducting the Netherlands Philhar-monic, the Opera Choir under Jo-hannes Mikkelsen. Casts headed by Neil Rosenshein and Thea van der Putten, and Els Bolkestein and Jan Derksen (242311). Utrecht, Muziekcentrum Vredenburg

(Tue). (314544).

per: (5324/2855): Donizetti': Stuards conducted by Fisch tana's Die Verl

has Tosca conducted by Carlo Felice Cillario with Mont Vaclay Neumann of the Czech Phil-harmonic and Falstaff in Franco Zeffirelli's prod

Count of Monte Cristo (Eisenhower)

(2397320).

In Not Rappapert (American Place):
A better title might have been
Mensch on a Bench for Herb Gardner's touching, funny and invigurating play about two oldsters embodied in Judd Hirsch and Cleavon Little who almost conquer the world when they think they are just bick-ering with each other. (889 4731).

and Street (Majestic); An immode Off 10 Burnay at leggy hoofing by a large chorus line (977 9020).

years but also updated the musical genre with its hackstage story in which the songs are used as andi-tions

the amorous exploits and general hell-raising of the Dutch *enfant ter*rible of the 1960s. Directed by Franz Marijnen from a script by

ses Off (Savoy): The fum

ing folly has 10 minutes of Special In movie magic, an exciting first helf and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No abild is known to have asked for

No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's terradoctory. rick's tap-dancing extravaganza has been rapturously received. Ameri-can Clare Leach is a real find as Peggy Sawyer, and Margi Conviency has a field day (836 8106).
The Mysteries (Lycsum): The theatre of Henry Irying and Joe Loss restored for theatrical performance af-



Closed Thur. (odigitani: 130 works in oils, water-colours, and sculptures. National Museum of Modern Art, Kitanoma-

nal Academy of Design: Culled

tive of Ludoff Backhuysen, born in Emden, with his characteristic sea

Hildesheim, Römer und Pelizz Museum, Am Steine 1-2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 98. Some 30 objects are on

and city landscapes from 1631 to 1708. Ends Oct 15.

enice: ca' rezzonico: Warsaw 1764-1830: From Bellotio to Chopin.

Jenna 1876–1936: Dream and Reality: The greatest names of the Vienness fin-de-siècle – Klimt, Otto Wagner,

viva. (240 1086)

La Belle Helène conducted by Yan Pascal Tortelier/John Burdekin in Pascal Toronor/John Burdekin in Jerome Savary's production with Sandra Brown/Madelyn Rense in the title role, Jerome Pruett/ Georges Geutier as Paris and Marie-Christine Purta/Veronique Dietschy as Oreste inaugurates the

Berlin, Deutsche Oper: Fidelio, a Jean Bioner, Lucia di Lammermoor bjones, Botel in Laminerabur teatures Karin Ott and George Fortune. The Magic Flute brings together Lucy Pescock, Effic Hoberth and Bengt Rundigren. (14381)

amburg, Staatsoper: Die Entführung ans dem Serail conducted by Ferdi-nand Leitner. The cast includes

Theatre

overblown idea of theatricality

Poor John. It was incompatibility. A few months ago, we both bought micros for our businesses. I chose the new Triumph Adler Alphatronic. He was seduced by a rather more obvious name. Life in pieces

My Alphatronic came complete, a perfect marriage of everything I needed. All the essentials others seem to regard as extras were included as standard, neatly contained in one perfectly designed machine.

His life was, quite literally, in He found he needed a separate interface card for every extension he had to make. They were numerous, even including an expansion card for colour and

vet another for graphics.

Not so John's ill-fated match.

slots were used up. So, he couldn't expand anymore.

face card, he used up a precious

slot to put it in. Soon, all the

Every time he used an inter-

Endless arguments Then, things started to go wrong, and because all his extensions came from different places, disc-drives sound like an old with their different capacities,

dealer to get them put right. I gently reminded him that life with the Alphatronic presented no such headaches,

affording me a single source of support from one, highly- Alphatronic's elegant appearknowledgeable dealer.

expansion possibilities. I recently developed yet simple to use. Just another drink and gave him an streamer, (which records a whole that Triumph Adler is part of on the train home. day's work in twenty minutes), the design-conscious Volkswagen

with no trouble at all. John groaned, defeatedly.

Same old grind, every day Apart from processing information up to three times faster, thanks to the powerful new Intel 80186 processor (a true 16-hit John now has to face the fact chip), my Alphatronic also warms up in seconds, rather than the two tedious minutes John's

machine takes. he had to argue with dealer after washing machine, my Alpha- would have more than satistronic is blissfully quiet in fied his needs from the start.

> comparison. Irresistibly beautiful

I was always attracted by the need. ance. Ergonomically designed, machine to save money, What's more, because it's so it's as pleasant to work with as it but in the long run, it's well-endowed to start with, the is to look at With a keyboard really cost him. No wonder

المستهية بالتيان والمستهمة والمنطقة المنطقة والمنطقة والم

added Prestel and a tape-what you'd expect knowing Alphatronic brochure to read

John's choice, on the other hand, left a lot to be desired in this respect.

He's paid the price On top of everything else, that he's paid over the odds for a computer that was always incapable of delivering what he bought it for Any of the And whereas John says his four Alphatronic models, And any of them would have run all the IBM compatible software he could possibly

So, John bought his Alphatronic has many more and a screen that are both highly he wasn't sleeping. I bought him

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THE ARTS

Cinema/Nigel Andrews

King Lear in a Japanese frame



A scene from "Ran," by Japanese director Akira Kurosawa

Ran, directed by Akira Kurosawa The Hustler, directed by Robert Camila, directed by Maria Luisa

There are few film-makers for whose latest film almost the entire cinematic world holds its breath. Akira Kuro-sawa's Ran has at last opened in the West, in Paris, and it would have allowed us all to breathe freely again, did not one dazzling image after another snatch our breath away in this 21-hour Orientalisation of King Lear filmed in 70-mm with Dolby sound and first un-veiled last Friday in a screen-ing on the façade of the Pompidou Centre (!) before 4,000

As Kagemusha showed, Kurosawa is a director who becomes more godly rather than more gaga in old age. Here he has leant down from the clouds over Mount Fuji, extending his compasses over the ashen slopes where most of the movie is shot, and measured out a glittering tragedy. Run is full of the elemental imagery and heaven-challenging harshness we associate more with Shakes-peare's plays or Michelangelo's paintings than with any filmmaker past or present, Eastern

His "Lear" is a 70-year-old warlord Hidetora (Tatsuma Nakadai of Kagemusha), who in strife-torn 16th-century Japan hands over his kingdom to the eldest of three sons. Only the youngest son protests against this gesture as a wilful old man's folly and is, Cordelia-like,

Tom" and a tragic last-act surface. Musket fire spitting exude nothing more than sur convergence of reunion and like flame-tongues through a face art-house allure: as a soft death. The lack of a Gloucester giant wall of smoke; luminous focus, summer-lit period piece. subplot is made up for by the prancing, keening cruelty of the film's leading lady, Hidetora's daughter-in-law (Mieko Harada). This lilly-white Gorgon with the sweetest simper and high firing property. high-flying pencil eyebrows rejoices in severed heads and sudden death and undoubtedly drinks blood for brunch. Her own demise is apt and unforget-table: a giant spray of blood against a white wall as a sword cleaves the air and an unseen neck is severed.

But Run is never merely a splatter movie for the art-house set. The long central battle scene, with Hidetora hunted by his own sons in a smoking castle while his followers fall to bailing arrows or the puff of muskets, is played like a danse macabre. Sombrely mesmeric music drown all but the keenest music drown all but the keenest sound effects, until the music finally and abruptly clears—like the smoke itself—to show Number One Son toppled from his horse by the thump of a bullet and a flower of blood spreading in his back.

There are only two major dis-appointments in the film. The "mad scenes"—Lear and the Fool amid the white flowers on the mountain slopes -seem winsome and sentimental in Kuro-sawa's hands. (The Fool, played in quipping falsetto by a female impersonator called Peter, is clearly an acquired taste. I didn't acquire it.) And whenever Kurosawa relies on speechifying to punch up the film's cosmic rage or grief, all we get is much sub-Shakespeare rhetoric on the lines of "Oh,

mists luxuriating over the lava slopes of Mount Fuji; white-haired Hidetora huddled in his castle, his face a stricken tragi-comic mask as arrows whistle all about (here as elsewhere he seems as much Quixote as Lear); and the last shot of a lone figure tottering in silhouette on a broken, splintered sky-line against a lurid sky that suggests, along with Kurosawa's shots of menacing cloud formations strewn through the film. that this is a post-nuclear Lear, a Ran as much for the age of

London this week sees the return of Paul Newman and Jackie Gleason in The Hustler, Robert Rossen's lustrous tale of pool-playing, chutzpah and pupils outwitting masters, and the opening of a new Chevy Chase comedy Flatch. Since I have only seen the latter in an Italian-dubbed version at the Venice festival, I shall spare you my memories of that and see and review the film in English next week. Paul Taylor reports below on the week's other opening, Camila.

modern Tridents as ancient

Argentinian cinema, which Argentinian cinems, which was virtually dormant during the dictatorships. is rapidly attaining a substantial international profile in the post-Malvinas era of political liberalisation. With Camila following A Funny Dirty Little War and The Official Version into British distribution. The automatic distribution, the automatic assumption on the European with the difference that you Gods, why do you mock Nilsson title was sufficient Shakespeare's three daughters us?" etc. representation of Latin Ameri-Shakespeare's three gaugutes have changed sex, Ran closely follows Lear. There is a Kent. dour of the images keeps apparently been overcome burning through the plainest Camila briefly threatens can art-house cinema has

exude nothing more than surface art-house allure: as a softfocus, summer-lit period piece
it might appear at first to have
adopted the languorous aesthetics of a James Ivory or a
David Hamilton to seduce the
regular patrons of mainstream
cinema. But having been
handed by history and folklore the tragic 19th-century
love story of Camila O'Gorman
and the young priest Ladistao
Cutierrez, director Maria Luisa
Bemberg (making her third
feature at the age of 62) is not
about to dissipate the gift in
merely pretty imagery. Her
full-blooded costume melodrama skilfully dissects the tripartite oppression that Camila's partite oppression that Camila's passion invokes: the litany of in nominee patri becomes a recurrent refrain as her father's inflexible notions of "the order of nature" fall into line with those of Church and State (the bloody dictatorship of Rosa's "Holy Federation"). (Susu Pecoraro) Camila daughter of a middle-class Catholic family in the capi-tal, is initially inspired by her grandmother who is under life-long house arrest as

a political prisoner and by a liberal bookseller, who is soon executed as a subvertive. Con-fessing first her dreams and then her love to the new priest then her love to the new priest (Imanol Arias), whose pulpit compassion sets him apart from his: ideologically malleable superlors, she fifthates a "crime" of both passion and political sacrilege, and a flight that encompasses a brief idyll of freedom before ending abruptly in front of a firing squad.

Freed from censorship her-self, Bemberg is both alert to, and unafraid to allude to, the modern parallels of the tragedy, and applies a distinct feminist cutting-edge to her narrative. Paul Taylor

Washington NSO/Festival Hall

Dominic Gill

The programme books for to Nancy Reagan, the three-concert London tour the National Symphony Orchestra of Washington DC this week open, somewhat bizarrely, with full-page, fullcolour portraits respectively of His Majesty Oaboos Bin Said, Sultan of Oman, and Nancy Reagan. The pairing, for a few seconds, gives rise to all manner of fertile speculation. e facts are more mundane, b.: interesting: His Majesty subsidised the orchestra's visit to London, and has "dedicated" (with the prerogative of and the National Symphony's the two scherzos — the second of lushing patronage) the three concerts performance of Shostakovich's especially a brilliant tour de sparkle.

Washington's Symphony Orchestra is one of the admir-able, rather than one of the great American orchestras.

The sound, and the presence, are not unlike those of the BBC Symphony Orchestra on one of its best days under John Pritchard: intelligent, well-organised, solidly expressive but without much bloom or magic. That judgment is magic. That judgment is meant precisely, not dismis-sively: for the BBCO are a fine and admirable orchestra,

Mstislav Rostropovich was the conductor. The Eighth is a difficult symphony to hang together, but Rostropovich's passion and energy of direction (more than his conciseness, of which there was less) gave a powerful coherence to the reading. The huge three-part first movement was alive with

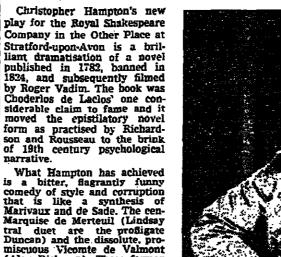
Eighth which ended their first programme on Wednesday night was strong, well-made and uncommonly stirring.

force (the role of the splendid timpanist was as much visual as aural). The Largo and enigmatic finale spoke of enigmatic finale spoke of tragedy, and absolution, with dignity - not with tears.

The evening had opened with a lively account of Rossini's Silken Ladder overture, and with a performance of Ravel's G major piano concerto by Martha Argerich that was, pianistically, near perfectionforward impulse, bursting into -in every degree a perfect blend of lushness, wistfulness and

Les Liaisons Dangereuses/Stratford-upon-Avon

Michael Coveney



Marivaux and de Sade. The cen-Marquise de Merteuil (Lindsay tral duet are the profligate Duncan) and the dissolute, pro-miscuous Vicomte de Valmont (Alan Rickman). These former lovers are committed to per-sonal indulgence masquerading as altruistic social work. Their prey is the 15-year-old Cécile (Lesley Manville), who rather like one of de Sade's virginal guinea pigs, is to be educated in a wide variety of sexual habits for the gratification of her tutors and the convenience of her future husband.

At the same time, the Marquise is besieged by a wideeyed Chevalier (Sean Baker), who loves Cécile, but is not her intended, while Valmont sets himself the parallel task of seducing the apparently im-penetrable Mme de Tourvei (Juliet Stevenson), who is a house guest in the Bois de Vincennes. To this house, the characters gravitate from Paris, and Bob Crowley's simple but effective design of standing slatted screens and a cluttered Welsh wardrobe is easily accommodating of the various salons and bedrooms draped in white sheets and interspersed with find the siècle chairs with fin de siècle chairs.

Just as Fidelis Morgan and Shared Experience forged a coherent whole out of Pamela earlier this year, so Hampton and the RSC succeed with the



Alan Rickman

the fictional letter form and going for theatrical broke. Doing without French letters, of course, results in pregnancy, sexual as well as social experiment, callous exploitation for fun, deceit and obsession for real. Howard Davies's compellbut only after Hampton brings onto the stage the systematic rape scene lightly referred to in the original. The final duel ing and superbly acted produc-tion makes no bones about rolling a few pre-revolutionary drums as the action closes on too, is brought into full theatrical play and it is here that Rickman's wonderful per-formance achieves a jaundiced the routine card game with which it began and as Mme

but nonetheless almost tragic apotheosis. Hampton follows the novel's sequence of events and genuine momentum, but he goes further than that in writing scenes of glittering dialogue and coruscating altercation between

his two protagonists. Laclos character into a resistant, frightened victim, who He is correct to show the similar tactic of dispensing with rape. This is a piece about collapses in vicious convulsions

into Valmont's ever-available embrace, and is then unfortunate enough to believe that he loves her. The vortex of their relationship is cunningly inter-leaved with the languid barter-ings of Valmont and the coquettish, scheming, radiantly attractive Marquise of Lindsay Duncan, who is having quite a season as a merry wife and Helen

Miss Stevenson's gale-force display pins you to the back of your skimpily padded bench, while Rickman, in his best performance of the summer, does ful justice at last to his indubitable talent for sexy indolence, daringly phrased out-bursts of authority, and unbridled comic rage.

The battle of the sexes is as

The battle of the sexes is as yet only a personal matter between the Marquise and Valmont, who indeed at many moments here resemble a more erotically charged version of Mirabell and Millamant. Sex rears its head all over the place, and Hampton has great un with a scene featuring a place, and Hampton has great fun with a scene featuring a bare-backed courtesan (Mary Jo Randle) doubling as a desk, while Valmont tosses off a missive in a state of what he can only describe as mounting excitement. He later defends that liaison as merely secretarial work.

It is all most handsomely It is all most handsomely costumed and very well lit by Chris Parry. Hona Sekacz provides some poisoned harpsichord scene-change music, which is played by Roger Hellyer. This is the best new play of the year since Prarda, and it could be a close run to the winning tape. the winning tape.

mad in a convent.

Valmont's dealings with de

Tourrel are concentrated in several extremely powerful seenes; these run like a steel girder through a rotting and artificial edifice. Miss Stevenson and Hampton toughen up the age breast of director Terry Hands, who is confidently awaiting academic uproar in Milwaukee.

Judy/Theatre Royal, Bristol

B. A. Young

"Judy" is of course Judy Garland, nee Gumm, and making
an entertainment from such a
character is a doddle. The
songs are all ready-made hits.
All you need is someone who
can put them over in some way
reasonably like the original. At
Bristol they have Lesley
Mackie, who has done it already

"Judy" is of course Judy Gardimensions. The best of the
other parts are both played by
Lewis Cowen, who is Louis B.
apparent benificence, and then
sold Luft, the only one of Judy's
countless husbands who really
also joins Miss Mackie in " a
Mackie, who has done it already
countle of swells." the evening's reasonably like the original. At Bristol they have Lesley Mackie, who has done it already in an earlier version of the show at Worcester a year or show at Worcester a year or two ago. Lesley Mackie can give admirable imitations of Judy Garland, in her various incarnations as 12 year old, idle and arrogant 18 year old, occasional wife, spare time mother, drug addict, drunk, actress and singer. Terry Wale's script does not spare the Garland image, nor does John David's direction factor the Carland direction flatter the Garland thing much. What matters is do not seem to me to harmonise whether Miss Mackie can with the rest of the basically make a job of the songs, and on the whole she certainly can. a song-and-dance show but a Judy Garland's life was a succession of little tragedies, a song and dance show I would

and to say that they were mostly her own fault is not so much unsympathetic as diagnostic. The real villains were the studios who trained her on pills—"downers" to make her sleep at night and "uppers" to boost her into the vivacity she charmed us with on the screen. Attempted cures were soon neglected, and she was back on her ration of handfuls of

amphetamines Mr Wale tells it all without much extraneous colour under the outline, fearing no doubt the risk of withdrawing atten-tion from his heroine, the only character fully built up in three

couple of swells," the evening's best number. There are delight-ful cameos by Caroline Hold-away and Alison Skilbeck as the

gossip mongers Louella Parsons and Hedda Hopper. The sets, by John Elvery, are many and various but always transitory, and handled with agility by the stage crew. The occasional dance numbers by four or five young men in tuxedos, inserted to fill the gaps left by Judy's habitual un-punctuality, or indeed absence, biography with songs. If it were have to rate it as pretty anaemic, and it certainly is not that. At the final curtain, the audience gave Miss Mackie a standing ovation.

New chairman of Royal Ballet governors Mark Bonham Carter has been appointed chairman of the Royal Ballet governors in succession to Sir Joseph Lockwood, who retired earlier this year.

Mr Bonham Carter was a direct of the succession to Sir Joseph Lockwood, who retired earlier this year. director of the Royal Opera House from 1958-82 and has long been associated with the two Royal Ballet companies.

Il barbiere/Covent Garden

Max Loppert

The Royal Opera's latest more starkly into relief, yet it Barbiere di Siviglia, new a serves (thank heavens!) to couple of months ago, was then animate every scene in which a comedy of character finely tuned by beautifully subtle musical execution. Now returned for the first of the revivals that are planned to recur throughout the current season, the show seems in the short interval to have gone unexpectedly and disappointingly Michael Hampe's production.

Tourvel vacates the stage to go mad in a convent.

and Hampton toughen up the

rehearsed by Stephen Lawless, has surrendered much of its special quality to all-purpose "big house" routine: comic business that formerly gave formance, and though three of the cast are retained one sensed that the characters were no longer operating as a riele Ferro is still the conductor, and still an excellent Rossinian (though on this occasion the orchestra was manifestly below form for him). As an international Barber of the kind regularly given in the world's leading

he appears. Mr Allen knows how to take the audience in his hand immediately and hold it there, as any good Figaro must; the entrance aria is played straight out front, with great exuberance and enormous charm, yet the hint of steel that distinguishes this performer among British operatic actors was quickly revealed, and served to add zest to the dis-play.

Otherwise, a rather more mixed report. Alicia Nafe. Rosina once again, sings far more surely than before—the the impression of springing more surely than before—the directly out of the music felt dusky mid-range timbre is very imposed, mechanised, and generalised in Wednesday's permess of her line—without yet establishing any particular point of personality comedy can fasten. Keith Lewis's first Covent Garden in a rather self-consciously elegant style, which the "manufactured ' tone production underlined; romantic lacking. Basilio is John Tom-linson, a strong performer en-tirely unsuited to comic opera. Even Domenico Trimarchi, who theatres, it remains a superior 10 years ago gave us a capital/ example, which will give Bartolo of native Italian stamp pleasure to its audiences. But opposite Frederica von Stade, the difference between this and the earlier achievement is notable, and proved rather machinery of his performance saddening.

At least Thomas Allen continues in the title role; his
excellence is now thrown far whole show.

Orchestras/Antony Thorncroft

Music for 'The Garden'

the RPO and the Philharmonia liver the goods both in financial — can breathe again, at least and artistic terms. It might also for a few more months. The give the orchestras aid for Arts Council announced yesterday that it was giving up on its plan to reduce them to three, and through the power of for touring the provinces. The council reassures them of its purse, to persuade the fourth to establish itself in Nottingham as the orchestra for the musically denrived east of orchestras. the musically deprived east of orchestras.

orchestra in Nottingham was one of the keystones of the Arts Council's "Glory of the Garden" proposals, which switched resources from London to the regions. But none of the four was keen on the transfer, and neither was Nottingham anxious to come up with any supporting But there is a powerful sting

The establishment of an

in the Arts Council's letter to the four orchestras announcing their reprieve. From April 1 1986 when, through its South Bank subsidiary, it assumes financial control of the country's major arts complex on the south bank of the Thames, the council will have, for the first time, the direct funding of the four orchestras which "will inevitably mean a selective approach to subsidy, based on our assessment criteria." So the traditional means of

funding, whereby the orchestras were aided mainly in line with the number of concerts they played at the Royal Festival Hall, will go out of the window. In future the Arts Council will

The four London-based provide money according to the orchestras — the LSO, the LPO, ability of the orchestras to dethe RPO and the Philharmonia liver the goods both in financial

To a great extent the four orchestras, although they have an excellent reputation in the nation, and abroad, are not among the Arts Council's priorities. It only provides around 15 per cent of their annual income, and they could annual income, and they could survive without subsidy. With the likelihood of a great crisis in the financing of the arts approaching in the next three months, with the Government offering the Arts Council a much smaller sum for 1986-87 than it has extended it needs than it has calculated it needs for supporting the arts (given that from next April it is also taking on most of the funding of the defunct metropolitan councils, including the GLC) the orchestras rate as a low priority.

But the orchestras certainly do not see things in this way. With the abolition of the GLC they are losing another important source of revenue, and they will be expecting more subsidy from the Arts Council. By working harder than any over-seas orchestras, and by playing more popular programmes, they have managed to survive.

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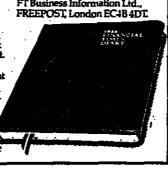
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Friday September 27 1985

Labour loses its fire

IT IS A mistake to see party conferences as make-or-break affairs. Usually they matter much more to the faithful and to the media than to the general electorate. Yet as the British Labour Party starts to assemble in Bournemouth this week-end, it is hard to avoid the thought that time in begin-ning to become pressing.

senting a natural alternative government or whether it is being condemned to third party status by the advance of the SDP-Liberal Alliance. The evidence at present can be argued either way, but for Labour it does not look en-

recent standards, in the byelection in Brecon and Radnor
last July, but still only came
second. It did reasonably well
in the shire county elections in
May, but it was the Alliance
that tended to pick up the
seats. It has recovered somewhat in the opinion polls, yet
it is the Alliance that has a series to be lacking. If Labour
does not represent the labour
movement as a whole, what does
it represent?

Portfolios

True, there has key or the
key or the seats. It has recovered somewhat in the opinion polls, yet
it is the Alliance that has a series the seats.

Perhaments in the short series that has a series the seats. It has recovered somewhat in the opinion polls, yet
it is the Alliance that has a series the seats.

Perhaps the polls simply reflect the successful conferences of the Social Democrats and the Liberals earlier this month, though it is starting to look like a trend. Maybe also there is something to be said for a slow recovery, provided that it is sustained. With the best will in the world, however, it is difficult to deny that at this stage in a Parliament— particularly of a second-term administration—Labour ought to be doing better.

Union links

It is not as if events have conspired against it. In the end, the miners' strike did Labour no great harm. Mr Neil Kinnock, the party leader, was seen as sufficiently distanced from Mr Arthur Scargill. It is unlikely that there will be such strike again in the foreseeable future. Even the present events in Liverpool may end in isolating the militants from the constitutional Labour movement. Mr Kinnock, indeed, begins to look rather more like his own man than some of his ing office. The Alliance has predecessors, one who will seek challenged that and the Conto co-operate with the unions servatives are not besten yet.

They have voted overwhelmingly to keep the political levy and their broad allegiance to Labour remains. But Mr Eric Hammond of the electricians and Mr Gavin Laird of the engineers begin to seem like a new breed of leader. They value their inde-pendence and their new free-dom to ballot their members. ning to become pressing.

The party has two years at the most in which to establish whether it is still seen as precannot count so solidly on its

old base.

For the party to loosen its links with the unions might be a blessing. It could become more like the Democrats in the U.S. and the unions, on the American model, a body ready to deal with all-comers. It is

as general secretary, for example. Mr Kinnock is a young and attractive leader, if slightly woolly. The front bench looks good, at least as strong as its Tory counterpart and more experienced than the Alliance. Mr Roy Hattersley, the deputy leader, makes policy speeches at the rate of one a week. But there remains something

tired about it all. Mr Hatters ley's call for a National Investment Bank sounds like a return to the 1960s. His threat or promise this week to re-nationalise British Airways and British Aerospace is a reversion to the ding-dong politics we thought we had shed. Labour, indeed, is beginning to look like a conservative party with a small "c" that lives on its

Bournemouth might prove the contrary. A change of port-folios could help: Mr Hattersley to shadow the Home Office, for instance, and Mr John Smith to take on the economics brief. What will no longer do, Smith to take on the economics brief. What will no longer do, however, is for Labour to go on pretending that it is the alternative government only two years or so away from resuming office. The Alliance has technology) and on the signification of services who have become excited by the apparent growth of service in information industries, has been to ignore the rise in the price of services to the rise in the price of services the price of services and rise the rise in the price of services the rise in the price of services and rise the price of services and rise the rise in the price of services and rise the rise in the price of services and rise the rise in the price of services and rise the rise in the price of services and rise the rise in the price of services and rise the rise in the rise in the price of services and rise the rise in the price of services and rise the rise in the rise i rather than be led by them. As Harold Wilson used to say,
Yet in a strange way the unions have perhaps been in their belly. A lot of the old changing faster than the party.

Japan: warning for all

THE REPORT on Japan pub-Japanese must do their bit to lished today by the Organisa-reduce existing imbalances: tion for Economic Cooperation exporters elsewhere, too, must and Development contains not redouble their efforts to fit in much cheer for the competitors little hope for an early, market.

permanent reduction of the imbalances that have brought about the country's huge current account surpluses.

Indicate the Japanese in the J

excessive dependence on exvulnerable to a setback in world trade and, in particular, to a slowdown in the U.S. That warning is reinforced by its coincidence with the publication of a report from the General Agreement on Tariffs and Trade, forecasting that world trade is expanding more slowly than had been expected for this year.

for this year.

The OECD report calls for an appreciation of the Japanese yen in dollar terms as one of several means to reduce the current external surpluses. It is a process that may already have begun, hurried along by the intention of the Group of Five (consisting of Britain, France, Japan, West Germany and the U.S.) to bring down the dollar from its heights. By another coincidence it became known yesterday that the Bank of Japan expects the yen to strengthen beyond a rate of 220 to the dollar. That would amount to a revaluation by 14.5 per cent since March 31. The OECD bases its short-term forecasts upon the rate of 251.8 recorded on that day.

Exports

It would be rash to assume that this appreciation of the yen is enough seriously to dent the structural surplus position of Japan. We do not yet know how successful and lasting the efforts of the central banks to haul down the dollar will even-tually prove. Besides, as the example of Germany in the 1970s shows, even an appreciating currency can stimulate exports as buyers try to get their orders in before the next

Competitors of the Japanese may also be depressed by the sceptical view the OECD takes of the widely held belief that Japan is a market all but closed to foreign manufacturers. The to sui implication is that not only the others.

with the admittedly difficult characterists of the Japanese

opposite in the U.S.), as a root But it also contains a warning for the Japanese. Their account surpluses. Domestic savings exceed domestic investsavings exceed domestic invest-ment, creating a pressure to export goods that the home market will not take up. The excess savings flow into capital exports which, in turn, hold down the exchange rate and give a boost to exporters. To counteract this chain of events, the OECD advocates a

further deregulation of Japanese financial markets designed to satisfy international demand for yen-denominated financial instruments. Desirable though such liberalisation is in principle, it is unlikely to prove more than a palliative.

At bottom the problem is how to change Japanese con-sumer habits, evidently a long-term matter. It could be accel-

Morals

erated somewhat by the aging of the Japanese population. The increasing number of pen-sioners means that the number of consumers rather than producers is increasing Besides, the younger generation may one day be more anxious to enjoy the fruits of success than were its fathers.
The OECD report, especially

when taken in conjunction with the report from Gatt, contains morals for both the Japanese and their competitors. Great though the difficulties un-doubtedly are, every effort will have to be made to take advan-tage of the Japanese market opening programmes. The size of the market, not to mention the prospect that saving and consumption patterns will eventually change, is reason enough

But policymakers in Tokyo would be wise to beed the warnings that existing imbalances expose them to a heightened risk that protectionism will spread, hurting world trade and all trading nations. On the day of reckoning Japan stands to suffer more than many

WHEN THE soap box orator stands up in Hyde Park to declaim the virtues of free trade he is normally taken to be referring to trade in goods or commodi-

He is the man who itshes to abolish all restrictions—"volun-tary" or otherwise—on imports of Japanese cars or Australian coal. He is not normally denouncing the difficulty in London of getting an American haircut or a German insurance

haircut or a German insurance policy.

Recently, however, the purview of the doctrine of free—or at least liberal—trade has broadened. To American trade officials in particular it has become a matter of principle that the doctrine should be applicable to everything tradeable, and that includes a wide range of services. Since 1962, the deepest divide between the range of services. Since India, the deepest divide between the 90 countries that are signatories to the General Agreement on Tariffs and Trade (Gatt) has been over the liberalisation of trade in confider.

On Monday, when officials from Gatt member countries meet yet again to discuss a new round of trade talks in 1986, the emphasis will be on reaching some accommodation on this vexed issue. The U.S. line is that international agreements such as the Gatt have failed to keep pace with structural changes in advanced economies — the fact that services are contributing proportionately more to GDP than manufactured

goods.
On the American analysis, the Third World gains disproportionately from trade pacts such as the Gatt. Developing countries still predominantly produce tangible goods and commodities rather than sophisticated services. They benefit from the liberal trade rules for goods and so ought to accept as a just quid pro quo the dismantling of barriers to trade in services — in which the in services — in which the developed economies have a natural comparative advantage. So far the U.S. has made most of the running on services.

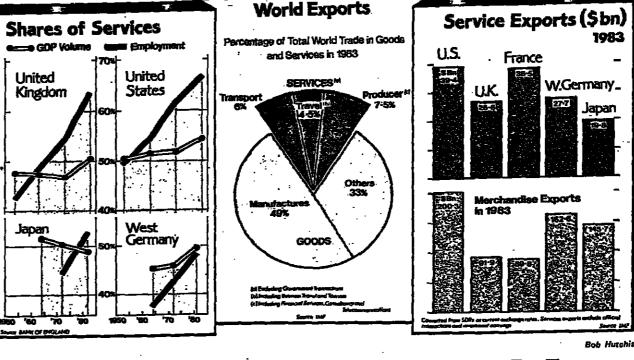
But other developed countries, notably Japan and the European Economic Community, support the American argument that in the long run if Gatt is to have continuing relevance its competence must be extended to services. Third World Gatt signatories, however, orchestrated by Brazil and India, are resolutely opposed to the extension of Gatt rules to services. sion of Gatt rules to services.

The U.S. drive to liberalise trade in services has run into all kinds of obstacles—conceptual, practical and political. There is confusion, for example, both about the definition of services and the extent to which the composition of output in developed countries has shifted in their favour. There is further disagreement about

of England Quarterly Bulletin, can be defined as anything that

changes the mental or physical condition of a person or of a good belonging to a person. Thus passenger transport Thus passenger transport affects people's physical condition; entertainment (normally) their mental state. Some activities, such as financial with only 49.5 per cent in 1953. services, affect the condition of Pressure for more liberal trade both people and goods; some, in services doubtless reflects

GATT MEETING ON SERVICES



Why free trade will be an elusive goal

By Michael Prowse

such as dry cleaning, affect the condition only of goods.

With this broad definition in mind, is it true that service industries have increasingly crowded out other types of pro duction in developed economies? Figures published by the Bank suggest any such thesis should be advanced very cautiously. The evidence for long-run "de-industrialisation" is slim: in most advanced economies the output of service industries has 'grown only slightly faster than output as a whole.

Thus between 1953 and 1983, the share by volume of services in the U.S. economy grew only from 50.4 per cent of GDP to 54.6 per cent—hardly a change dramatic enough to render trade agreements like the Gatt suddenly outmoded. Growth of services in the UK and West Germany has been equally slow (see table) in Japan the share taken by services in the domestic economy has actually shrunk in the past 20 years.

ficance of liberalisation for relative to that of manufac-developed countries balance of tures. Once price changes are payments. becomes clear that the structure A service, points out an becomes clear that the structure article in this month's Bank of developed economies has the changed so very much since the 1950s.

> However, while the share of services in GDP has grown only sluggishly, the same cannot be said for employment in services. In the U.S., for example, service industries now absorb 66.7 per cent of all workers compared

notential. The overall size of service sectors is in any case of limited relevance because only a comparatively small proportion of services are tradeable. This becomes obvious when it is recalled that services, by defi-nition, are purchased as they are produced. They are not storable: the change in the condition of the person or object must happen at the time of production. It is difficult to

confidence in their job-creating relatively more important component of world trade.

Tradeable services are often split into three main cate-gories: transport (mainly shipping and civil aviation); tourism; and "producer ser-vices," which are used mainly by companies in the production of final goods, Producer ser-vices include telecommunications, financial services (princi-pally banking and insurance) and a host of other professional and consultancy services rang-

Third World worries about loss of sovereignty are less foolish than is often implied

supply most services "from a ing from distance." accountancy.

Thus social services such as education, distributive services such as retail trade and con-sumer services such as restau-rants are not tradeable. In the UK, it is estimated that only about 11 per cent of the gross output of services is traded compared with 33 per cent for

The fact that so few services are tradeable explains why services account for such a small proportion of world trade despite their importance in domes-tic economies. The Bank calculates, for example, that in 1983 only 18 per cent of world trade was in services. It also points out that in the past 15 years the growth of world trade in services of 111 per cent a goods. There is thus no evidence

When officials urge the liberalisation of trade services, they are often thinking primarily of producer services. They may dream of breaking up the airline cartel IATA or of eliminating the distheir main focus is on sectors such as telecommunications and financial and professional ser-vices. American banks, insurance companies and software houses are pressing for better access to growing Third World markets in, for example, Brazil and India.

Yet in the UK, which heavily geared towards financial services because of the City's historical role, producer services account for less than year has been precisely in line vices account for less than with the growth of trade in 50 per cent of total service exports. In other developed counthat services are becoming a tries the proportion is probably

lower still. Thus much of the recent wrangling between developed and developing countries within Gatt, which has badly delayed progress on less esoteric issues, relates to less than 10 per cent of world trade -the profitable portion accounted for by producer

There are many genuine obstacles to more liberal trade in services. The first is that liberal trade between countries tends to follow liberal trade within countries. How can the developed economies seriously seek free trade in services when, for all kinds of national interest and prudential reasons, sectors such as banking, telecommuni-cations and the professions are still so heavily regulated domestically? In many developed countries, to offer foreign service companies "national treatment" is to offer

them very little freedom indeed.

Third World countries might also take more seriously the

advanced economies' argument that free trade in services would be beneficial for all if the First World practised what it preached. If it is such a were the barriers within the EEC not lifted years ago? Why do Japan and the U.S. not throw open their doors to each other's service exports? Underlynig many of the fears about free trade in services is the conviction that the real argument is about foreign investment and "rights of estab-lishment." The fact remains that while it is very difficult to trade many services, it is easy to sell them abroad once a company is allowed to establish operations in the tax host coun-

Overseas investment renders

feasible the sale of virtually every kind of service — from medical treatment to haircuts. The U.S. has made much use of foreign investment: its "foreign sales" of services are estimated to exceed greatly its exports of services proper.

Most producer services are difficult to trade in the strict sense of the term: it is more convenient to produce them on the spot than in a company's home country. This is more true the more sophisticated the services become: data processing, banking and insurance services can often be provided. only by professionals present on permanent basis. Developing countries may be correct to believe that what the U.S. and more cautiously, the EEC and Japan are really seeking under the free trade banner is much more liberal rules on direct investment. Third World worries about

loss of sovereignty are thus less foolish than is sometimes implied. To import oranges from South Africa is one thing. To have a powerful multinational established on your soil pro-viding key services, be they banking, telecommunications or banking, telecommunications or broadcasting, is quite another.

The developing countries also cite the "infant industry" argument as grounds for caution on liberalising trade in key producer services. It is difficult entirely to dismiss the argument that in many Third World countries, sectors such as banking and telecommunications are too weak and primitive to withstand U.S. or Japanese competition.

Given the obstacles, what sort

Given the obstacles, what sort of liberalisation of trade in services is possible and how applicable are Gatt rules? Perhaps the most that can be hoped for in the short run is that all Gatt signatories should accept in principle Gatt's competence over services and the need to make restrictions more transparent. If constraints on service trade were notified and open, negotiation on removing them could at least begin.

Ideally, a pact on services would contain at least two other elements. First, a general commitment on non-discrimination so that companies from any Gatt member country could ex-pect comparable treatment preferably the sort of treatment meted out to domestic enterprises. However, there would be a strong temptation for liberalisation to proceed on the less-enlightened principle of reciprocity: ie Britain would accept Japanese stockbrokers only if Japan returns the compliment

Secondly, the agreement would need comprehensive rules on how to resolve disputes be-tween member countries.

Liberalisation of service trade is important but in view of the inherent obstacles and its relatively small share of world trade, perhaps not quite the over-miding priority claimed by U.S. officials.

भारत केंद्र है

When Capitol Hill is inundated with protectionist bills and President Ronald Reagan is brandishing a "war chest" which to combat alleged unfair tracing practices, it could be regarded as irresponsible to allow the dispute over services to hold up the main trade talks for much longer.

Trade in so many ordinary goods—from agricultural pro-duce to video cassettes—is so illiberal that to concentrate un-duly on services is to expect the world trading system to run before it can walk.

Whitehall's weight problem

Whitehall has just closed its has on a weighty problem that has occupied the "earnest attention" of four ministers, their legal advisers, the chief inspector of explosives, and a dozen or so other civil servants for the best part of four months. It all began back in April
when the Mayor of Portland,
Dorset, Elizabeth Tucker, wrote
to her MP, Viscount Cranborne, to tell him that members of the town's marine committee were disturbed to learn that explosive lead weights were on sale to

The weights exploded during casting throwing a fishing line an extra 350 yards out to sea; and the committee was worried about possible injuries. Cranborne dutifully passed the matter on to John Mac-Gregor, then Minister of State for Agriculture, Fisheries and

Food, in May. Consultations ensued. Mac-Gregor passed the parcel to Alex Fletcher, then a minister at the Department of Trade and Industry. His officials swung into action

—and in July the investigation
was widened to bring in David
Mellor at the Home Office, and
William Waldegrave at the
Department of the Environment Did these dangerous devices come under the Consumer Safety Act 1978? Or was it the Health and Safety and Work

Act 1974? Was there cause for prosecution under the Salmon and Freshwater Fisheries Act 1975? Or should action be taken under the Explosives Act 1975? Philip Jones, chief inspector of explosives at the Health and Safety Executive, was recruited in August to help solve the problem. He was intrigued but suggested the county trading standards officers in Portland should collect some of

the weights for inspection.

The county officers, in fact, had already been alerted by the Mayor of Portland. They had started a search for the explo-

Men and Matters

Angling Weekly for the week of March 29-April 4. Headed "New revolution in fishing weights will ald casting, it was written by Rolf Pilao - a name which, they noted, could be recast as April Fool.

Up the wall

The City of London's only wall climber was working overtime yesterday. Regular passers-by at the corner of Gracechurch and Fenchurch Streets have already been treated for some months to the sight of the brightly-lit lift that plies up and down the outside of the new Societe Generale building in its smokey brown glass tube.

A year after moving into the building, Soc Gen finally got round to inaugurating it yesterday in the presence of Robin Leigh-Pemberton, Gov-ernor of the Bank of England, and Jacques Mayoux, the bank's chairman, who flew over from Paris

from Paris. Guests were given the chance to ride up in the eight storey lift and experience the sight of the City falling away below them, which I have to say I rather enjoyed. But many of them found the whole thing a bit too futuristic and opted for the more claustrophobic but traditional elevators in the centre of the building.

Soc Gen's monopoly of fun rides will, however, be broken when the new Lloyd's build-ing only a block away opens next year with four wall climbers soaring more than 20

Greyhound track

Greyhound buses are as much a part of the U.S. image abroad as Coca-Cola. But Greyhound sive devices back in May.

They did not find any of the chairman, John Teets, is in weights—but they did turn up London this week, spreading the

an article about them in Sea | word that things are changing, Cheap domestic air flights have ruined Greyhound's longhaul busines: is slimming down a system built for the 64m annual passengers of 20 years ago to the 39m today.

There have been protests,

Teets says, from some of the 2,000-3,000 small U.S. communities that are losing the Grey-hound service. "But the positive side is that It is going to allow the company to survive." The company - which now likes to describe itself as a transportation, food and con-sumer services group — hopes to save more than \$50m from the cuts if the unions, already chastened by a bitter 43-day strike in 1983, accept that times have changed. "The fact is," says Teets, "Greyhound will never be the same again."

The strike boosted Teets' reputation as a tough negotia-tor—and he does seem to move quickly to get what he wants. Four weeks ago Greyhound revealed it had lost \$60m in what Teets called a "well-thought-out" leasing swindle. But already more than \$45m has

Out of sight

Like Cleopatra languishing without Caesar, a key figure will be missing on the Nile at Cairo this weekend when a new arms factory is opened. It is jointly owned by the Egyptian government and the British defence company United Scien-

Peter Levene, the ministry of defence's new chief of de-fence procurement, and until lately chief executive of USH had much to do with putting together the deal which created Arab International Optronics Egypt's only maker of binocu-lars, night sights, laser range

finders, and other articllery observation aids. Levene had to severe all con-nections with USH when he moved to his controversial £95,000-a-year post at the Defence Ministry last March. So he has felt it sensible to stay away from the Cairo ceremony. So too have quite a few other MoD top brass who were invited by the new USH chief executive, Sir Frank Cooper. Cooper knew exactly who he wanted to invite because he was himself lately Permanent Secretary at the

One of those who regretfully declined admits that orders came from on high in Whitehall that it would be "seemly" for the Ministry to be represented only by the man respon-sible for defence sales in the Middle East.

So it will be largely left to the British diplomats in the Cairo embassy to show the flag at the ceremony—which will be performed by President performed Mubarak.

In the wake

Repubblica wakes Italy up reads the headline on a doublepage advertisement in the Italian weekles for La Repubblica, the country's liveliest newspaper. Under it is a colour photograph of Bettino Craxi, the Prime Minister, looking wery bored and half asleep.
"Every morning," the ad continues, "1½m Italians open their eyes"... to La Repubblica.
Craxi, however, is not amused. Mindful, no doubt, that many of the pungent "accusa-tions" and "comments," on

against the paper's editor, Eugenio Scalfari, and is claiming substantial damages,

which the Rome tabloid prides

itself, are directed against him.

he has taken out an injunction

Levelling out

Chelsea graffito-"Class distinction is only temporary. All men are cremated equal.

Observer

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Healey& Baker

Richard Ellis

A LONG time ago—in 1979 to be precise—the average Briton carried about 81p in loose change. It was composed of 11 to 12 coins and weighed around three ounces (84 grams). Halcyon days!

Go home this evening, empty your pocket or your handbag, and what will you find? The answer is almost certainly a bewildering mixture of coins, of varying shapes, weights and sizes, with no apparent logic behind the sequence, weighing considerably more than three ounces and worth perhaps £12 or more.

It is hard to think of a country which has made such a mess of its coinage as Britain, and there is no solution in

What you need, says Dr Jeremy Gerhard, the Deputy Master and Comptroller of the Royal Mint—the Master is exofficio the Chancellor of the Exchequer—is a "coin management programme."

Dr Gerhard sorts out the coins in his pocket every night, as 7 suspect most of us have

coins in his pocket every night, as I suspect most of us have begun subconsciously to do. You put the bronze in a box, as being pretty useless. You put the ever increasing number of 5ps in a pile and wonder what to do with them. As for the higher denominations, you make a deliberate decision to spend coins rather than notes on whatever you need the next morning. Otherwise, you will be literally weighed down by the pound in your pocket.

No one defends this system, least of all Dr Gerhard. It is said to be a consequence of

said to be a consequence of decimalisation when it was judged impossible to move to a complete new coinage over-night. Old coins, such as what are now the 5p and 10p pieces, had to remain, if in new form. One reason given for that is that the Government did not want to be left with a huge stock of old coins on its hands. If that does not sound entirely convincing (presumably the metal could have been re-cycled), there are others. It is said to be exceedingly difficult to produce a range of coins which satisfy the following cri-

• They must not be easy to counterfeit. Forged currency is apparently quite a big business

e 10

Carry Carry

tender. much of a much of a They must not replicate, or thing into. even nearly replicate, other coins in other countries. This is not just a matter of how the coins look—whether they por-tray the Queen or Sir Francis Drako-but of size, weight and

They must satisfy the vending industry, which nowadays covers a wide range of services including transport.

Politics Today

Too many pounds in the pocket

Malcolm Rutherford looks at the changing face of coinage



Mr Lawson (left) and Dr Gerhard . . . problems to face

light, durable and cheap to pro-duce. The milkman and the bus

conductor are frequently cited as persons who cannot be expected to cope with a coinage that is either too heavy, too confusing, or both. In the jargon, all that is defined as finding the right "slot." A slot used to be the term for

a difference in diameter be-tween two coins which would be sufficient to allow the intro-duction of another similar coin into the system. In practice, it has all become much more complex. Account has to be taken of what happens abroad, and it which expands whenever it be of what happens abroad, and it comes simpler to copy legal is doubtful whether Britain has much of a system to slot any-

It may be argued in extenua-tion of the British that other tion of the British that other countries have had similar problems. The U.S., for example, had a spectacular failure in 1979-80. Who now remembers the Susan B Anthony one dollar coin?

The U.S. administration under President Carter decided that it might be time to phase out the one dollar note, though

They must be easy to out the one dollar note, though average life span of a one dollar identify, in the dark as well as it never said that the note bill is about 18 months. For the

the light, by the blind and the would necessarily disappear. The Congressional Women's Prefarbly the coins should be caucus latched on to the idea and insisted that the coin must have a woman on its face. It was Susan Brownell Anthony

(1820-1906), the leader of the suffragist movement.

About 800m of them were minted. Nearly half a billion of them now languish in vaults, for the coin was quickly with for the coin was quickly with-drawn. The banks were against it; so were the drug stores and the hamburger chains. It is said in retrospect that it was too close in size to the U.S. 25 cent piece, so that it was con-fusing to the public. Also, no previous psychological research had been done on the coin's had been done on the coin's acceptability.
Anyway, President Reagan,

being the pragmatist that he is, and his then Treasury Secretary, Mr Donald Regan, decided to have none of it. The one dollar note remains in existence, despite being worth less than the now disappearing one pound note. There are no further plans to play around with the coinage.

In parenthesis, however, there is an interesting fact. The

British pound note it is about nine months. No one seems able satisfactorily to explain the discrepancy. It might have been worth the Royal Mint doing some research on that before saying farewell to the paper pound.

Yet, in a curiously British way, there is research in abunway, there is research in additional managements of industry looking after government relations with Rolls-Royce, so clearly he knows a good deal about materials, alloys, carbon fibres, ceramics and whatever else modern coins might be made from.

from.

The Mint is a nationalised The Mint is a nationalised industry, doing a lot of work for overseas customers. On March 23 1984 a written Parliamentary answer disclosed that it was being set a new financial objective of an annual return on capital of not less than 12 per cent. The foreign work goes on with research on materials and how to avoid materials and how to avoid human face an counterfeit currencies. It is from another. the British problem that has not been resolved.

In passing it is worth noting 10p is too large and too heavy that it is not entirely fair to for its value. The 5p may be blame the change in your also too large and could be re-

pocket on Mr Nigel Lawson, the present Chancellor. The original statement about the introduction of a one pound and 20p coin was made by Sir Geof-frey Howe, his predecessor, in a written answer as long ago as January 27 1981. It must have been foreseeable then the pro-posed reforms were not ade-quate and that sooner or later we would be landed with an illogical and excessively heavy

of Nottingham on the psychological aspects.

This has just been renewed, to run another year until next September, and may have to be Yet there are renewed again after that. It is political conclusions. presided over by Dr Vicki Bruce with one full-time assistant. Dr Bruce is a psychologist who specialises in perceptions; in particular, she has worked on how people recognise the human face and distinguish one

Her main brief is the future of the 5p and 10p pieces. The

placed by something like the old silver sixpenny piece. In which case the bronze currency might go altogether, as the halfbenny has already done.

Like any good open-minded scientist between Dr. Brock scientist, however, Dr Bruce says that she may come to no conclusions at all other than that it might be better to stick

quate and that sooner or later with the stotus quo for fear of we would be landed with an illogical and excessively heavy coinage.

The research goes on. Apart of days, I have come to the from the work on materials at conclusion that it is indeed the Mint in Glamorgan, there is a contract with the University of us realise and I have of Nottingham on the propho

ontical conclusions.

It is unclear why Britain needs to have the worst, heaviest and most illogical coinage in the world.

If I were a Treasury Minister, or better still Master of the Mint I should heavier to the Mint, I should begin to take matters in hand. It must be possible to devise a lighter, prettier, more harmonious system and to tell the Tory Party Conference in Blackpool that

Lombard

A warning over witch hunts

By David Marsh

largely unobserved.

That would be a pity. Louis
XIV's withdrawal in October
1685 of the charter granting tion to name new men at the religious freedom to the Huguenots, which led to the exodus of 300,000 of these hardworking French Protectants to

of Louis' action may act as a warning to those in the Rightwarning to those in the Right-wing Opposition tempted to take an over-theological attitude towards denationalisation of state enterprises. In particular, a revival next year of religious intolerance towards Socialist-nominated chairmen of nationalised banks and indus-trial groups, most of whom have been doing a good job, would risk destabilising key parts of the French economy and sendthe French economy and send-ing into exite some able managers.

The Right-wing government which looks likely to take office after general elections next March (with or without President Mitterrand in the Elysee Palace) is almost certain to make denationalisation a priority—one of the few eco-nomic areas where there is likely to be a real difference compared with the Socialists'

present policies.

The danger is not only that the Right, under pressure to raise funds for the budget as much as for ideological reasons. of us realise and I have considerable sympathy for Dr Gerhard and Dr Bruce, both of whom are being bombarded by tempted to proceed with a wholesale clear-out of chairmen of top state groups, at least to get rid of the bosses named by the Socialist administration when it greatly enlarged the nationalised sector three and a half years ago.

M Mitterrand's advisers say the question of nomination of heads of state companies and banks will be one of the most crucial policy issues in any tussle with a Right-wing majority in the National Assembly. The President has already signed a decree during

AMID THE turmoil in Paris the summer to try to maintain over the Rainbow Warrior control in this area-although affair, the 300th anniversary this piece of legalistic fine next month of the revocation of tuning can no doubt be reversed the Edict of Nantes may go by a future Right-led govern-

exodus of 300,000 of these hardworking French Protestants to
eurich the economies of
England, Holland and Switzerland, is of some relevance to the
debate over economic policy in
France after 1988.

The disastrous consequences
of Louis' action may act as a
warning to those in the Right-

The bourse is starting to suffer from fears of a future tide of state asset disposals. With some more profitable state-owned enterprises already being courted, directly or indirectly, by would-be buyers, preparation for still-theoretical denationalisation may start to divert energies from the dayto-day running of business.

Awareness that a new round of musical chairs may be in the offing is starting to unsettle records.

records.
Companies like Rhône-Poulenc, Thomson, Pechiney and Bull, in highly shaky financial positions before nationalisation, have shown considerable improvement in results, productivity and structures since 1982 (albeit with the aid of considerable sums of state cash). On the other hand, the Right may well have political scores to settle even political scores to settle even with chairmen who have done well; and it will have promised

well; and it will have promised prestigious jobs for friends and fellow-travellers.

The manner in which job changes are made in the nationalised groups will help indicate to what extent France has grown up after the disloca-tion in 1981 caused by the ending of 23 years of Right-wing rule. This dislocation has since been overcome—resulting even in a form of national has learned how to put into effect some useful economic restructuring, and un-learned its less useful dogmas. One of the chief lessons surely absorbed by all is that, in 1986. the last thing France needs is another round of witch-hunts.

A new Bretton Woods

From Lord Carrick

Sir. — Both industry and agriculture in the U.S. have heavy debt equity ratios. They need a strong economy and a weak dollar in order to prosper, but these are two things which do not naturally go together. Capital is looking, above all else, for a safe haven and that haven is the U.S.

The agreement with Group of Five in New York was designed to weaken the dollar without damaging the U.S. economy. The U.S. Government issued an ultimatum— "help us to achieve our objectives or we will adopt strong protectionist measures." The administration believes in free trade and market forces, but when it comes to the crunch Americans look after them-selves first; it is human nature to do so. Human nature, how-ever, is also greedy. Speculators in New York, London, Zurich, the Middle East and Tokyo have almost unlimited financial ability to trade the foreign ex-change markets. Over \$100bn worth of business can be transacted in 24 hours. This kind of money is bigger than the Federal Reserve, Bundesbank or Bank of England can control. "Market forces" have got ont of hand. Market forces will probably resist a sustained decline in the dollar and the Group of Five agreement will probably fail in its objectives. What happens next? The U.S. Government could ban or tax investments from overseas, but how does it then finance the budget deficit? It could tackle the deficit, but a real attack could take three years to have the desired effect, and a great deal could happen to exchange

deal could happen to exchange rates during that time.

I believe there is one quite possible answer. President Reagan has three years of political life. He could call another "Bretton Woods" conference. Exchange rates could be firmly fixed between the dollar/D-mark, controlling the European Monetary System, dollar/sterling and dollar/yen. The rates could be fixed for three years, with the Reagan

The rates could be fixed for three years, with the Reagan administration giving a pledge to cure the budget deficit within this period.

U.S. industry and agriculture would once again prosper as the backbone of a great nation. Financial and other services would suffer for a time, but they would suffer less from this than from a collapse in the than from a collapse in the financial system.

Carrick.
10, Netherton Grove, SW10.

Exchange

rates From the Managing Director Currency Research Sir.—Now that the five nations have reaffirmed their

commitment to a lower value

Letters to the Editor

for the dollar, an interesting "floor-space tax" we would con-but crucial question arises. tinue to give relief to holders of How will we know when we've open space land and of land arrived at the appropriate

value? For market operators are only interested in short term speculative trends. So yester-day's rate has become the only

reference point. But reference points, such as target zones," should relate to the real economy of products, services and jobs. In the 15 years since more fixed parities. however, there have been large changes in prices and in productivity between countries, plus two huge oil price increases, plus the emergence of Japan and Asian countries as major trading forces. So where major training locals so were should currencies be today?

As a contribution to the discussion, I show our estimates of currencies' "fundamental

values," at which the external sector would be in balance through time. actual (21.8.85) E Steding:
Bank of England
Index 76.0
ECU per £ 1.56
DM per £ 3.19
U.S.3:
Bank of England
Index 110.1
DM per \$ 2.05
Yen per \$ 3.09
Te ic appai 83 1.75 1.43 3.90 1.48 1.52 3.07

Bank of England
index 110.1 110.1 135
DM pers 2.05 2.02 2.73
Yen pers 194 188 232
It is apparent that the £
sterling is overvalued by some
10-15 per cent overall, especially relative to the DM zone
of European currencies. (The of European currencies. (The UK now imports about 50 per cent more from Germany than we export there.) Joining the we export there, soming the European monetary system must be done at a significantly lower rate than recent levels if our export industries are to

have any chance.
Our estimates confirm the desirability of the dollar falling by about 20 per cent overall.
Michael Nisbet
59 Gloucester Place, WI

Floor-space

From Mr R. Banks Sir, — Once again your news item on the Government's plans for rating reform (September 24) illustrates Mrs Thatcher's dilemma. If your report of Kenneth Baker's proposals is true, then he has compounded two errors: 1, an iniquitous poll tax which has no bearing on ability to pay; and 2, a continustion of a tax on improvements via a "floar-crace tax" ments via a "floor-space tax" which is a discouragement of development and could have similar consequences to the old "window taxes."

Still more important, under a

which is very valuable but poorly developed.

Is this Conservative Government still the protector of the privileged "reutier class"? I thought Mrs Thatcher's free market beliefs would have shown themselves in support for a site value rating system by now — or is it never put to her knowledgeably? Ronald Banks.

Middlehill House, Middlehill Box, Corsham, Wilis. Sleeping in

Japan From Mr S. Bliss

Sir,—As one recently back from a stay in Japan, I would like to take issue with a mun-ber of points raised by Dr P. ber of points raised by Dr P. F. Kornicki (Sept 24). Surely the very fact that 50 per cent of Japanese do not now sleep on the "floor" is indicative of the fact that the futon set is not all he cracks it up to be. As one of the millions who have sleep on the "floor," I would rather suggest that in a standard Japanese single-person's apartment, measuring approximately 9 feet by 6 feet. approximately 9 feet by 6 feet, a bed, legged or not, is totally impractical. On the other hand, Japanese bedding can be conveniently folded and placed in a cupboard during the day, so they the cleaning area. that the sleeping area can become a living area. Furthermore, the comfortable tatami matting which covers the floor, while indeed never "seeing a provides a luxuriant abode for the thousands of cock-roaches which infest every building. So much for clean-

Washing does indeed take place outside the bathtub, before the Japanese settle in for a brief soak. Bathing does not however suggest to me an obsessive desire for hygiene, indeed the whole family shares the same bath water, but rather provides much needed warmth before bed in houses with little or no central heating during winters for the most part more severe than ours. In summer, I understand, as in England, showers are rather popular.

Austerity or not, the futon set and the traditional bath are really symptomatic of the paucity of Japanese accommodation. Those who do have

space generally do have beds.

42 York Terrace East, NW1

From Mr R. Jones Sir,--On the subject of wages and output, raised by Mr S. Bronkhurst (September 21) and keeping to the same simple level of logic, may I suggest he re-thinks his argument making the "pieces" specific; that is motor cars (or shoes and ships and

Do we really need three times

No. The only one better off is the worker now getting twice as much for producing three times as much. Much wores off are the

hurst would agree that econo-mice and politics are mostly concerned to obscure the issues we will not face! Richard H. Jones.

Helicopters overhead

Sir,—Mr Scuse (September 25) would have us believe that (September

The helicopter is uniquely obtrusive. Its distinctive sound law says they must be some 1,600 ft high in this area and that they must carry clear identifying marks but they rarely comply with either rule.
Within the industry they mostly seem to mean well and I be lieve that they are trying to fly in a more neighbourly way but there is a long way to go yet.

accommodation which, I'm afraid, is indeed scarcely bigger than a "rabbit hutch."

Indeed we, as a race, might be more likely to work longer hours in the office, had we not our "castles" to return to in the evening—old though they might be!

S. I Riise

Wages and output

sealing wax).

as many motor cars (as a pedes-trian and cyclist I say God forbid!)?

as much, auch wores on are the two workers now getting noth-ing for producing nothing. It may not be quite this simple but I think Mr Bronk-

7 Maple Avenue, Munchesier.

From Mr C. Beney

the use of helicopters resulting in multi-million dollar overseas contracts is not a fairy-tale example but happens, as he says, every day, all day. Gosh. He is quite right though in so far as he says that noise is subjective. He likens a helicopter to a car at 50 ft away. This may be true on an open plaza but does not apply to the domestic or office situation with walls and fences, etc. Even if it did apply is it then reasonable to have "cars" flying over our gardens at 50 ft height?

can be heard for a mile or more, the pilot can often be seen so there is a feeling of being observed by him. On top of this the safety laws are neither understood nor kept to by too many helicopter pilots. Mr Scuse's mention of a helicopter at 250 ft is significant here. The law says they must be some despite the availability of the The rest, as I did, can only practically use a futon in Bushey, Herts.

Without knowing it, you hold the key to your problems. At Rhône-Poulenc our main concern is listening – Te you – Te help you find the solution - Talk to us. Tell us about your company, its ambitions, its problems, its needs. We've been listening to our clients for a 100 years. We're convinced it's the best way to find solutions that are more

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France

and New

Zealand

move to

heal rift

LEUTWILER DEBT DISCUSSIONS GIVEN TOP PRIORITY

Pretoria welcomes Swiss mediator

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA is hoping to call a capital repayment crisis, brought themselves," Dr Stals added.

meeting before the end of next on by the refusal of certain U.S.

Over the last three weeks, the month of its leading creditor banks now that Dr Fritz Leutwiler, the former governor of the Swiss National Bank, has accepted a mediating role in forthcoming negotiations

on rescheduling the country's debt. Dr Chris Stals, the director general of finance who chairs the Standstill Co-ordinating Committee (SCC) set up to organise the South African end of debt negotiations, said he expected to meet Dr. Levtwiler in Switzerland shortly. He plans to discuss the setting up of a meeting with creditors as a "top

Some 28 major creditor banks are expected to be involved in the first problems still to be faced is how to round of talks. These will centre on the estimated \$14bn of short-term

DM 400m

Henkel

plans

issue

banks to roll over their loans last

This obliged the South African authorities temporarily to close the foreign exchange markets and the Johannesburg Stock Exchange and introduce a four-month standstill of capital repayments from September 2. South Africa's total public and private foreign debt could be as high as \$24bn, according to Dr. Gerhard de Kock, governor of the-

Dr Stals made clear, however that the South African authorities want to involve all creditors in the negotiations and one of the main involve the smaller creditors. "Perhaps the initiative should

SCC, which is staffed mainly by reserve bank experts with the backup of a small secretariat, has concentrated on working out a detailed list of creditors and debtors and providing a channel of communica-tions with foreign bankers.

Dr Leutwiler is understood to be creating his own small staff and the outcome should be a structured framework with Dr Leutwiler acting as a link between the SCC and

Dr Stals said: "Over the last three weeks, we have established how to keep cash transfers flowing round the world and how to operate within the restraints of the standstill Now we have more time to think should about the policy issues and how to banks make the system more flexible."

As to the future, Dr Stals said that much would hinge on the Octo-ber meeting with creditors but that it would be naive to expect an end to all restrictions by the existing December 31 deadline. The aim was make the system more flexible and move towards phasing it out, he

wer around 40 U.S. cents, despite the recent weakness of the dollar and last month's R1.42bn trade surwhich continues to underpin annual current account surplus of about \$5.4bn. Exchange dealers report that reserve bank intervention has been minimal over the past week, while heavy demand from importers forced to pay cash and heavier-than-expected leakages

Unilever raises offer

By Jonathan Carr in Düsseldorf HENKEL, the family-owned West German chemicals concern that in-vented Persil washing powder, is to raise more than DM 400m (\$153m) at around \$1.35hn. through the first public share issue

in its 109-year history. The issue next month, part of a capital increase from DM 300m to DM 575m, will help to arm Henkel for future expansion at home and abroad, not least in the U.S. pose the deal

It will also give a boost to the German "new issue" business comparable to that brought last year by the stock market introduction of Nixdorf and Porsche shares.

Analysts note that the issue comes as Henkel's profits-to-sales ratio is showing marked improve ment as stock prices generally hit

As a result, the Henkel shares are expected to be bought eagerly October 2 through a consortium led

by Deutsche and Dresdner banks. On public offer will be 1.5m nonvoting preference shares with a nominal value of DM 75m at a price of DM 285 a share - thus netting Henkel a total of DM 428m. The shares will be officially listed on all eight German stock exchanges from October 11.

In addition to the public issue of DM 75m nominal stock, basic capital is also being raised by a further DM 200m through the appropriation of funds from reserves.

Of that sum, DM 100m will be in the form of ordinary shares and another DM 100m in non-voting preference stock. The latter will not yet be offered to the public, but family members wanting extra funds could

Those rather complex arrangements reflect the fact that Henkel is owned by 66 people - descen-dants of the founder, Fritz Henkel in three family "clans."

Dr Konrad Henkel, senior partner and supervisory board chairman, noted at a press conference yesterday that it had not been easy for all involved to reach accord. But he was convinced a "happy compromise" had been found to please everyone, including outside sharehol-

He and other executives empha-sised that there was no question of the Henkel family's renounce control - and the company did not urgently need cash from outside. new funds would give greater flexibility to take advantage of

growth opportunities. Last year, Henkel group net profits rose by 28 per cent to DM 130m. on sales revenue up by 10.3 per cent to DM 9.3bp. Capital and reserves made up more than 40 per cent of

the balance-sheet total. On the basis of the first eight months' figures this year, 31 per cent of turnover came from chemi-cals; 28 per cent from detergents; 18 per cent from adhesives; 15 per cent from hygiene and technical cleansers and 8 per cent from cosmetics. for Richardson-Vicks

BY PAUL TAYLOR IN NEW YORK

in the midst of a bitter takeover battle for Richardson-Vicks, yesterday sweetened its two-tier offer for the U.S. health and skin-care group for a second time. The revised offer maintains the full value of the bid

Unilever said it was raising its tender offer by \$2 a share, from \$58 to \$60, if the revised offer is accept-ed by the Richardson-Vicks board. But, as before, the offer drops to \$48 a share if the board continues to op-

On Wall Street Richardson-Vick's stock advanced by \$2% to \$50 after the revised Unilever offer was announced, perhaps indicating renewed, but far from certain, hopes As part of the defences, Richard-that the new offer may tempt son family members have added to

UNILEVER, the Anglo-Dutch group Richardson-Vicks to the negotiating their existing stake holdings while

Unilever restated its desire to meet the Richardson-Vicks board "at any time" and its "willingness to discuss certain tax aspects of the transaction." The group added that, as previously announced, its tender offer is due to expire on October 11 unless extended.

So far, Richardson-Vicks has vigorously opposed the hostile take-over bid and yesterday had no immediate comment on the revised offer. The group has mounted an aggressive anti-takeover defence, parts of which are the subject of extended court battles, which were continuing yesterday.

As part of the defences, Richard-

the company itself has launched an aggressive share buy-back scheme According to U.S. Securities and Exchange filings earlier this week, the family interests and trusts now control about 8.3m, or 48 per cent, of the group's outstanding 17.7m shres which have been reduced from over 23.3m by the company's own share

While the U.S. group's share repurchase scheme has reduced the number of outstanding shares - and helped boost the level of the family stake - it has also increased the company's debt. As a result, the latest Unilever tender offer price maintains the full cost of the take over offer to the European group, including debt assumption, at

Troubled Baldwin-United sues Merrill Lynch for 'false advice'

group which has been operating untrading, dropping \$1% to \$27%. der Chapter 11 of the U.S. bank-ruptcy code since 1983, has filed a massive \$1.3bn suit against Merrill Lynch charging the Wall Street investment bank with providing false and incomplete financial advice when Baldwin-United acquired MGIC Investment Corporation in

BALDWIN-UNITED, the Cincin-forcefully." Despite this, Merrill's natibased U.S. financial services stock fell sharply in early New York

Baldwin-United borrowed heavily to acquire MGIC, a Milwaukeebased mortgage insurer, for \$1.7bn as part of an ambitious diversification plan which took the piano manufacturer into a wide range of fi-

In its suit, the group alleges that Merrill Lynch "knew or should have Merrill Lynch yesterday described the suit as "frivolous and a known" that the financial condition bizarre and desperate last-ditch attempt to find a stapegoat for Baldwin-United's misfortunes." The securities firm added that it will defend its position "vigorously and the first quarter of 1982 and the fi

charges that Merrill Lynch failed to disclose all the facts material to the acquistion and made various false esentations of act.

Responding to the lawsuit, Mer-rill Lynch said: "any allegation by Baldwin-United that they were give en improper advice in connection with the financial condition of MGIC is particularly incredible since the fairness opinion prepared by Merrill Lynch was based on in-formation provided by Baldwin-Un-ited and MGIC, facts which Bald-

Wall St doubts on intervention

Continued from Page 1

y high levels. Prof Rose said one of the main

reasons for the timing of last week-end's meeting was to "head off" the protectionist measures now surfacng in Congress. Indeed, Wall Street generally believes that the primary target of the co-ordinated foreignnge intervention is the Japa-

However, they also note that while the Japanese central bank has been leading the intervention effort - pushing the dollar/yen exchange rate towards the Y210 level Japanese investors have blunted the drive by continuing to purchase dollars and dollar-denominated

securities. Japanese corporations were said investors still appear to have a sur-prisingly healthy appetite for dollar-denominated securities.

Wall Street notes that the Fed Treasury bill rate has declined by has been aggressively supplying it—almost 40 basis points - continuing quidity to the markets this week - a trend evident in recent weeks leading to a renewed bout of specu-lation that the U.S. central bank bond has hardly moved, reflecting might by preparing for a discountmight by preparing for a discount-

flagging U.S. economy.

But U.S. economists remain high-ly dubious about whether the Fed would seek to push interest rates lower, simply to try to bring down the dollar, especially against the backdrop of the recent rapid growth in two of the three basic U.S.

in the dollar without other measures."

The most important of those, according to Prof. Rose, speaking in New York yesterday, was meaningful action to reduce the U.S. federal budget deficit, which was keeping U.S. real interest rates at historical-labeling to Topic Interest rates at historical-labeling in the two previous trading sessions. Despite a recent slide in U.S. after initially dipping on Monday, short-term interest rates, New York was keeping U.S. real interest rates at historical-labeling interest rates at historical-labeling in Tokyo and Japanese markets, deep-seated uncertain-markets. curve has steepened, reflecting the market's deep-seated uncertain-

> Since last Friday, the six-month rate cut - a move which, like the lower dollar, would help to spur the flagging U.S. economy.
>
> ened by rapid M1 growth and the prospect that a decline in the dollar might push consumer prices higher. A similar uncertainty is now emerging in the U.S. equity mar-

The bottom line is that while most U.S. market participants be-lieve the dollar is trending lower, few are yet willing to predict a fur

Gatt calls for new trade talks

Continued from Page 1

Other sections of the report chart the changing patterns in world names appeared on the list of the trade. The bulk of the restrictions top 20 exporting countries: South clogging the trading system are directed against the traditional products such as steel, textiles, automobiles and agricultural products, percentage shares of which in the global value of trade declined or, in the case of cars, remained constant in the case of cars, remained constant in customers.

again in the first half of this year, same size, \$64bn, as exports to Gatt's preliminary data show. Western Europe. Between 1973 and 1984, six new

the decade to 1983.

For the first time last year, the value of trans-Pacific trade exceeded that of trans-Atlantic trade. In addition, the fact that four of the six achieved the highest average increases in gross domestic proceeded that of trans-Atlantic trade. In particular, North American (U.S. to the positive relationship between and Canada) exports to the Pacific export growth and economic area, including Japan, reached the growth.

He felt that the New York agree

of the yen. That may be taken as hinting at the unlikelihood of any reduction in the Japanese discount rate, now at

THE LEX COLUMN

Cold comfort for Vicks

Unilever's name has acquired such a magic ring among Wall Street's arbitrageurs that nobody found it excessively odd yesterday that its name should be linked with set up a working group to study mu-tual recriminations over the sinking it was increasing its offer for of the Greenpeace ship Rainbow Richardson-Vicks and suing the

work yesterday, he said.
M Dumas, in New York for the United Nations General Assembly companies.

meeting, said that the working group would assemble a list of yesterday, or some 15 times prosgroup would assemble a list of claims by both sides, including complaints against New Zealand. The group was set up at a meeting in New York on Wednesday between M Dumas and Mr Geoffrey Palmer, the New Zealand Deputy Prime Minister.

M Dumas declined to elaborate on what the French complaints were, saying only that they had to do with his country's defence and

were long-standing. It was assumed that he was referring to New Zea-iand's tolerance of protesters against French nuclear test in the would in a first stage simply record the complaints of each country and have no particular deadline for rein its last balance sheet.

M Dumas insisted, however, that there could be no question of chardson reaches its target of retir France extraditing its own nationals. He went to great lengths to stress France's sovereign independeven at yesterday's increased price dence in conducting its defence policies and protecting them from the protecting the protecting them from the protecting the protec

France would continue nuclear testing in the Pacific, M Dumas said, and had taken all the necessary safety precantions. If the paying \$60 for the sole remaining share of a company supporting almost \$1.5bn in debt. modernised, the new weapons would have to be tested, he said. ● Mr David Lange, New Zealand's Prime Minister reaffirmed that his the French Government to allow the two French secret service agents being held in a New Zealand jeil to avoid standing trial on charges connected with the bombing and sinking of Rainbow Warrior, Dai Hayward writes from Wel

French authorities have suggest-ed that because the two agents were acting under orders they should not be charged in a court of law. Mr Lange has made it clear that the two agents will go on trial and the New Zealand Government repudiates any suggestion that be-cause the agents were acting under orders, they should be absolved from the legal process.

It is believed in Wellington that the French will soon offer substantial compensation for the bombing and sinking of the vessel. The question of repatriation of

the two agents, Major Alain Mafart and Captain Dominique Preur is one of the major sticking points in the discussions between Mr Palmer and M Dumas.

Major Mafart is suing a Sunday newspaper in New Zealand for substantial damages following publica-tion of an article linking him with the French secret service.

New Zealand diplomats have been surprised that Mrs Jeane Kirkpatrick, the former United Kirkpatrick, the former United States ambassador to the United Nations, has publicly intervened in

the Rainbow Warrior affair. Mrs Kirknatrick said she did not selieve the French secret service team which blew up the Rainbow Warrior intended to kill any of the crew. She said there was an important distinction between interna-tional terrorism and the sabotage of the Rainbow Warrior by the French

Yen advances as \$ continues fall

Continued from Page 1

nors would review the progress of the new policy of co-ordinated intervention when they convene in Seoul in 10 days time for the annual meetings of the international Monetary Fund and the World

ment should have laid to rest specu lation that Japan would be forced to control long-term capital outflows as a way of strengthening the yen. Recently Mr Yasuhiro Nakasone the Prime Minister, had expresse

interest in such an approach The official did not fores changes in Japanese monetary poli-cy, which has been fairly loose, except in the sense that "more emphasis will be given to the appreciation

fight, and it may hope that, as the rating. Acquisitions and disp

tual recriminations over the sinking of the Greenpeace ship Rainbow Warrior, M Roland Dumas, the French Foreign Minister, announced in New York. The experts, three from each country, began three from each country, began work vesterday, he said.

The sinking the odd Ston for both in finding the odd \$7bn for both

pective earnings and double the low for the year, General Foods can scarcely ignore the bid speculation swirling around its head. Whatever the identity of Tuesday's mystery suitor - and the best bet remains. Philip Morris, following Reynolds in the flight from unhealthy tobacco to wholesome and nourishing Jell-0 General Foods would need to sound out the field. But while Unilever might be interested in bits and pieces of General Foods, or be bempted to tease Richardson's family shareholders with the prospect of second front, it would be an ambitious company that was ready to commit to U.S. expansion a sum only fust under the capital employed

porting. It was possible that New Ironically, the higher Unilever-Zealand could register a request for raises its offer for Richardson, the the extradition of some of the lower the cash consideration be-French agents responsible, he said cause of the board's purchase of shares in the market. Assuming Rimade up by the additional debt taken on by the Richardson board: at this rate, one can imagine Unilever

Unilever has left no doubt whatsoever of its commitment to the

gap widens between its offer minus board approval (still at \$48) and the a proportion of the reduced equity, only the company could persuade the family holding claimed as com- the market that the days of the mitted to the board would be banana skin are over, there is no the family holding claimed as com-mitted to the board would be enough to block the takeover, but how binding these commitments are has yet to be seen.

For a company which is so conspicuously eager to please the fi-nancial institutions Vickers retains a remarkably old-fashioned attitude towards interim figures. Yester-day's numbers, for the six months to June, were pleasing in almost every respect. The 25 per cent increase in the interim dividend was at least as far ahead of expectations as the 36 per cent rise in pre-tax profits to £18.7m. But, faced with a murky state-

ment about past and current trading, the stock market took 4p off the Vickers price to leave it at 374p. If the group makes £42m pre-tax for the full year, which it should, and pays a final dividend of only 7p, the shares will look among the cheapest in the engineering sector. A prospective multiple of around 8 and a vield of over 6 per cent are not too demanding on trading grounds, given that Australia has come right, the dollar exposure is well covered and the medical equipment business looks set to enjoy a fresh burst of growth. The prospect of compen-sation from the European Court which could be worth £1 a share or that negotiated commissions are more - is in the price for nothing.

gap widens between its offer minus board approval (still at \$48) and the business, while the price paid by \$60 cum-approval, some family Cookson for entry into the lithograshareholders might be tempted to dust out the deeds of their family trusts and call up their lawyers. As telling what might happen.

111

Mills & Allen

Following the time-honoured practice of beating its rights-issue forecast by a modest margin. Mills & Allen has indeed produced some very decent figures; by most recent standards, a 36 per cent increase in pre-tax profits - to \$27.4m for the year to June - is good going. With a consistent record of 20 per cent growth to support the shares, and even a touch of takeover gossip to liven them up last weekend, there has to be some reason why Mills' shares, up 10 to 355p, still trade on a multiple as low as seven or eight times earnings. As always, there are questions about the quality of the increase, if not of the entire

profit stream The basic hurdle in the current year, irritating for a foreign broker, is fluctuating currency. On average dollar exchange rates which moved in Mills' favour from \$1.45 down to \$1.24, one third of last year's growth was the product of translation; there is every chance that the effect could be equal and opposite this time Moreover, Mills' New York in-ter-broker bond dealing activities could come under some margin pressure as the high volume goverument bond players put the screw on commissions. Mills would claim something with which it is more at Should the court determine that home than most financial compa-Vickers deserves no additional com- nies in London, and it can live with pensation for the nationalisation of falling commissions in a rapidly its assets, the group would be al- growing market. But the doubts will most certain to shoot up the take-over charts. Either way, Vickers ing a straight line through last seems scarcely to merit its current year's rise in earnings.

HOUSE OF FRASER PLC

Interim Statement The unaudited results of the Group for the 26 weeks ended 27th July 1985

ł		TO HECHOCINGS ELS	7	,,,,,,	•
	52 weeks 26th Jan. 1985 £000	·	Note	26 weeks 27th July 1985 £000	26 weeks 28th July 1984 £000
l			1400		
	1,058,100 127,987	TOTAL TURNOVER Less: Value Added Tax		504,064 62,230	439,070 54,264
	930,113	•	•	441,834	384,806
	58,019 (9,737) 1,513	TRADING PROFIT Interest Other Operating Income		19,897 (6,619) 711	11,948 (5,033) 680
	367	Related Companies		(141)	(166)
	: (2,000)		·	(i - · · /	(100)
	(2,000)	Profit-Linked Share Plan			
		FIORE LINES SIRIE I RAIL		-	
	· · ·	PROFIT ON ORDINARY ACTIVITIES		n jernin in die 1865. Leine	
	48,162	BEFORE TAXATION	. • •	13,848	7,429
	20,183	Taxation	(1)	5,654	3,405
	27,979 (197)	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION Extraordinary Items	(2)	8,194 (2,104)	4,024 (84)
	27,782	PROFIT FOR THE FINANCIAL PERIOD)	6,090	3,940.
	32	Preference Dividends	· · ·	16	16
i	9,605	Ordinary Dividends		· -	· - ·
	18,145	PROFIT RETAINED	-	6,074	3,924
	<u>182</u> p	Earnings per Ordinary Share of 25p before Extraordinary Items	(3)	5.3p	2.6p

Provision for taxation has been made at the expected annual effective rate of 40 83% (1984 – 45.83%). 2. Extraordinary items include the costs and expenses associated with the offer by Alfayed Investment and Trust (UK) pic for the company, Extraordinary General Meetings and various governmental enquines, and the profits on the

sale of surplus properties less dosure costs. The earnings per Ordinary Share have been calculated using the number of Ordinary Shares in issue during the

periods. For the 26 weeks to 27th July 1985 the average number was 153,679,045 (1984 – 153,117,132). The interim statement contains comparative figures extracted from the full accounts for 1984/85. Those accounts on which the auditors gave an unqualified report were issued to shareholders on 25th July 1985, but will not be delivered to the Registrar of Companies until after the Annual General Meeting.

"Pre-tax profits at the half way stage are 80% higher than a year ago.

The benefits of store refurbishment and market led buying programmes are aparent both in higher sales volume and trading profits..

The new Fraser store in Aberdeen will be open early in October and new stores are being built in Norwich, Ipswich and in the new Metro Centre in North East England?

This announcement of House of Fraser results for the half-year ended 27th July 1985 is being published in a number of national newspapers on 27th September 1985 but will not otherwise be communicated to shareholders.

World Weather

An industry in turmoil

By W. L. Luetkens

Canada has been thrown into deep turmoil. The first Cana-dian bank failure since 1923 occurred in September, follow-ing a series of failures and nearfailures in the smaller trust and loan industry. The world wide erosion of dividing lines between the different kinds of financial business has not by-passed Canada and a great de-bate has been raised by Govern-ment proposals to modify that regime in the light of recent trends and events trends and events.

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Lest it be thought that downtown Toronto is a disaster area of imprudent credit managers jumping from their skyscraper them at windows, it should be pointed per cent.

The bank failure was that of Alberta-based, Canadian Commercial Bank (not to be confused with Canadian Imperial Bank of Commerce) which had total deposits of C\$2.6bn (about £1.4bn) at the time. No less than half that amount came from the Bank of Canada as lender of last resort in pur-

as lender of last resort in pur-suance of a vain rescue attempt, made in March, by the federal and provincial authori-ties and the banking industry. At the same time another Alberta bank Northland was Alberta bank, Northland, was declared to be no longer viable, but was allowed to look for someone prepared to take it

THE FINANCIAL world in over. Northland had deposits of C\$1.2bn, including C\$510m from the Bank of Canada.

Both banks were founded in the mid-1970s when the oil boom made Alberta look like the bankers' promised land. Both came unstuck when the oil boom collapsed. Their loan portfolios were hopelessly oriented towards the oil industry and real estate in the Canadian West.

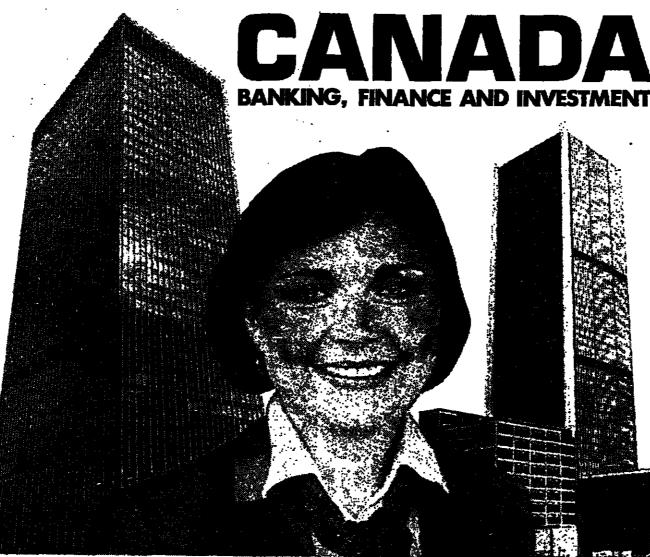
As part of the rescue package in March, CCB's problem loans were written down to 55 per cent of book value. But the bank could not find buyers for them at better than about 35

out that the mainstream banking industry is doing well in a climate of economic recovery. Loan losses are past their worst and record or near-record profits are in prospect for the banking year to October 31, next.

The bank failure was that of the regional problem loans, and now agrees to loans, and now agrees to be the regional problem.

that such an inference would be wrong. Regional banks could make a go of it, he says, pro-vided they have either a retail deposit base or a diversified money market source of funds: or, alternatively, conservative cial markets. loan management.

In any case, the vast bulk caused a fulminating row. The foreign bankers were queuing



Mrs Barbara McDougall, Minister of State for Finance, has come under attack for making an expensive and ultimately abortive attempt to rescue the Alberta-based Canadian Commercial Bank

of the Canadian banking industry is national not regional and combines retail and wholesale functions. That is true of the Big Five which, between them, away own 90 per cent of the assets CCB. of the Canadian-owned chartered banks.

part in the rescue operation had subsequently drained

opposition wished to know for their share of the compentabled for discussion in April whether banks that had taken sation money. by Mrs Barbara MacDougall,

There is more to that than had subsequently drained away their own deposits in CCB.

Differences arose as to how to interpret precisely the Government's undertaking to compensate all deposits in CCB widely held belief that bankers are somehow not to be trusted. Deposit Insurance Corporation.

There is more to that than the usual fun and games between Government and opposition, and the recriminations that inevitably follow every bank failure. The entire episode tended to support the pensate all deposits in CCB widely held belief that bankers are somehow not to be trusted. The financial world at large ernment's undertaking to comsode tended to support the seems to have accepted that pensate all deposits in CCB widely held belief that bankers the disaster in Alberta was a special case. It caused hardly a ripple in international financial world at large ernment's undertaking to comsode tended to support the widely held belief that bankers are somehow not to be trusted. That may yet complicate the cautious deregulation planned by the province of the complex to the complex to the widely held belief that bankers are somehow not to be trusted. a ripple in international finan-cial markets.

CDIC itself only insures deposits of up to C\$60,000 each.
Within Canada, however, it Dark hints were dropped that

As it is, the Green Paper banks. Trust companies may mitted to set up the new type of the hop for a long time.

by Mrs Barbara MacDougall, Minister of State in the Finance Ministry, offered nothing to the banking industry, except the good intention to establish a more modern supervisory system. The important important incompanions were inportant innovations were in-tended to help the bankers' competitors in the trust and loan industry and elsewhere. Canadian law pretty well

reserves corporate or commerreserves corporate or commer-tions. Foreign owned holding cial lending to the chartered companies would not be per-

CONTENTS

Deposit Insurance

Financial Conglomerates Stock Exchanges

only hold 7 per cent of their only hold? per cent of their assets in commercial and personal loans: insurance companies are excluded from commercial lending. The trust comanies are still smarting from a revision of banking law in 1967 which allowed bankers to company with them in their

Mrs MacDougall did not offer them that. But she suggested that financial holding companies should be permitted to own banks of their own, making possible the setting up of financial conglomerates com-hining banking, trust business and insurance.

That breaks with the principle so far established that such activities should be kept separate, and with the principle that Canadian banks must

foreign-owned banks. Canadian affiliates of foreign banks may be wholly-owned by their cver, is that events have to parents, but are under strict some extent overtaken the neat regulatory division of the Canadian financial industry into

Mrs MacDougall's proposals would largely retain existing restrictions upon foreign takeovers of existing Canadian financial institutions. No single foreign sharcholder may own more than 10 per cent and foreign shareholders together may not own more than 25 per cent of any Canadian bank (other than the special category of foreign bank affiliates), or of federally incorporated life insurance, trust and mortgage loan companies. Foreigners may, however, freely form life insurance, trust and loan com-panies of their own.

The Green Paper proposes to retain that regime and to extend the rules to financial holding companies: free entry for foreign non-financial institutions but englishing of the tions, but application of the 10-25 per cent rules to acquisi-

closely held bank proposed by Mrs MacDougall.

Her invention is to be called a Schedule C bank, as opposed to the normal A bank and the foreign-owned B bank. Its chances of seeing the light of day have diminished since the Green Paper came out in April. The trust and loan companies to compete with them in their own field of mortgage lending. So they have been clamouring for enhanced powers of commercial lending.

Mrs MacDougall did not offer them that the suggested than arm's least them that the suggested than the suggested that the suggested that the sugge than arm's length with other members of the same group.

members of the same group.

For the Bankers' Association,
Mr MacIntosh says fiatly that if
financial holding companies are
to be allowed to own banks,
then those holding companies
should be subjected to the same
ownership restrictions as the A
banks: no one shareholder may
own more than 10 per cent of own more than 10 per cent of an A bank's equity.

The Association's case has not be under the majority control of any shareholder.

An exception to that ownership rule has been made for foreign-owned banks. Canadian least, bordering upon fraud.

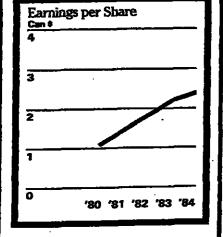
Canadian financial industry into banks, trust companies, insurance companies and investment dealers.
Trilon, a member of the Bras-

a trust company, a life insurance company and a property agency. Mr Paul Desmarals and his Power Corporation have fingers in trust business, insurance and the rendering of personal financial services. In Quebec provincial law permits insurance companies to sell securities. And Genstar, a real estate and building materials group, this month acquired control of Canada Trustco. As a result no major Canadian trust company remains widely held. Power Corporation have fingers remains widely held.

None of this was prevented by the notion that the Canadian financial industry is divided among four pillars that will stand separately for ever. Legislators, regulators and supervisors are going to be kept on

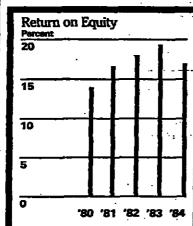
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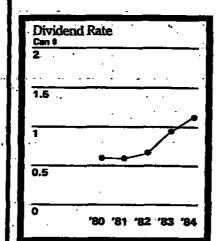
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CANADA—Banking and Finance 2

Hopes switch to stimulus from within

The Economy W. L. LUETKENS

THE ECONOMY of Canada is THE ECONOMY of Canada is well into its third successive year of steady growth after having suffered the sharpest setback since the great recession. The recovery so far has been largely export led, pushed along especially by U.S. demand for Canadian automotive

Signs are now multiplying signs are now multiplying that that particular phase may be over, especially if the U.S. economy falters. Hopes for next year and for 1987 now reside in a typical cyclical rebound of consumer demand and in a revival of business

A quick review of the present status shows forecasts of real growth of about 3.5 per cent this year: unemployment, sea-sonally adjusted, of around 10.5 per cent: a healthy but declin-ing trade surplus, and a small and also declining surplus on

down below 4 per cent and is sufficiently close to that in the U.S. to cause no major prob-lems. Wage settlements remain modest — up to 5 per cent in the booming Toronto area.

Fixed business investment has been showing signs of com-ing out of the doldrums, though there is no consensus on how strong the revival will be. It has produced a welcome increase of demand for commercial credit after a period in which corporate treasurers were concentrating on mending their

concentrating on mending their balance sheets.

The overall picture owes something to the confidence reestablished in the business world by the return, a year ago, of a Progressive Conservative Government led by Mr Brian Mulroney. But the underlying causes for the improvement for Canadian economic fortunes are causes for the improvement for Canadian economic fortunes are

actual shortfall of (353) in the last financial year.

the highest in the world. But during the budget debate Mr during the budget devate me Michael Wilson, the Finance keeping short-term mucres. Minister, had to surrender to rates above U.S. levels and medial interest. since the inflation rate is He covered expenditure costs thus lost by additional tax increases, hard to rece bis overall strategy.

power, with a smashing majority at that, the question has been raised as to precisely how strong its commitment is to reshaping the Canadian

Deficit cutting is likely to become progressively more difficult politically as the next election (probably in 1988) approaches, and as the

Already it is clear that some of the personal tax increases will begin to take their toll next year when most economists expect slower growth. There is a widespread con-

sensus that growth next year will be down to about 2 per cent, from the 3.6 per cent in prospect for 1985. Some forecasters have been revising their 1986 forecasts upwards a stronger performance in the U.S. than is generally expected. Canada depends for a third of its GNP (Gross National Product) upon exports, and its North American neighbour buys about 70 per cent of

That apart, there are additional factors that could give the economy a welcome push: the deregulation of the domestic oil price has made oil domestic on price near manufactures the trend of interest cheaper: the trend of interest and inflation appears to be under

For the time being, U.S. demand for Canadian exports has slackened, causing the trade surplus to shrink from C\$20.7bm in 1984 to C\$18.8bm on a seasonally adjusted and annualised basis in April June 1995 1985. The surplus in July, at

causes for the improvement for Canadian economic fortunes are cyclical and, more specifically, to be found in the Reagan boom in the U.S.

The Government's pledge to reduce the federal budget deficit and to channel resources from the public to the private sector has been difficult to put c\$1.4bn (again amualised and into practice. The budgeted seasonally adjusted), and the deficit in 1985-86 is for C\$3.8bn (about £19bn), compared with

this period of strength on the That is a substantial cut, current account should not even though on a per capita have given the Canadian dollar basis the deficit still is among more strength visa-vis the U.S. currency, especially since the Bank of Canada has been close to that in the U.S.

A possible explanation for

this lost by admitional tax. A possible explanation for hous schemes or the linereases, hard to reconcile with the position of the Canadian extracting oil from the big overall strategy.

Since the Mulroney Government was in its first year of Canada to start rising again, heavily reduced scale.



has been raised as to precisely how strong is his government's commitment to reshape the country's economy.

Forecasters do not expect the Canadian dollar to move very far this year or next from its present value of about 73 U.S. cents. At that rate it is far below the near-parity seen 10 years ago: but it is also well up against the currencies of most European trading nations and, perhaps more important, those of Canada's competitors in world mineral markets,

For many years now the Canror many years now the Can-adian mining industry has suf-fered cut-throat competition in world markets, as well as the sluggish demand characteristic of recent times.

Canadian exports are very much resource oriented—minerals, forest products, and oil and gas sold to the U.S. Each of these sectors has seen its peculiar difficulties: some forest products have been threatened products have been threatened with protectionist devices in the U.S.: after deregulation the Canadian oil industry seems to have had some difficulties getting its pricing policies in order and no pricing system for natural gas has as yet heen deviced.

That explains why the benefits of economic recovery have been unevenly distributed. Ontarlo, ince, has done well: so to a lesser degree has Quebec. But the East, with its dependence on fishing and forestry and a high cost offshore oil industry not yet properly on stream, has lagged. So has the West, suffer-

Deregulation of the oil prices which has been accompanied by a heavy reduction of the tax and burden on the oil and gas industry has brought at has made a reasonable start least the prospect of recovery aided very much by the cyclical to the West—something that pattern in the North American would greatly assist the finan-cial institutions whose western real estate and oil loan portfolios have been a cause of much concern.

Exploratory activity is indeed rising, and some of the ambitious schemes of the 1970s for extracting oil from the vast re-source in the Athabaska sands have been revived, though on a

The recent decline of current account surpluses is another probable reason.

Forecasters do not expect the Canadian dollar to move very far this year or next from its present value of about 73 U.S.

Exploitation of the gas reserves in the Arctic islands on any significant commercial scale is still a long way off, and the hoped for bonanza in the Beaufort Sea is as elusive as ever. These frontier and unconvented to the commercial scale is a second convented to the commercial scale is a second convented to the commercial scale is still a long way off, and the commercial scale is still a long way off. tional resources remain a hope for the future rather than a solid source of revenue, even though the Syncrude oil sands plant is operating profitably.

Conventional reserves in Aiberta and British Columbia, however, have proved to be greater than expected and have not yet begun their expected decline.

It is here that the Mulroney Government has pushed through its philosophy of deregulation, hoping that the abandonment of the highly interventionist National Energy Programme of its Liberal predecessors would stimulate investment and, hence, the economy overall. There are signs that it is, indeed, beginning to happen, though the extent of the stimulus remains to be seen.

The other deregulatory achievement of the administra-tion is the lowering of obstacles to foreign direct investment. The effect on the manufacturing industry remains to be awaited. Most of the financial industry is subject to its own regime, and existing restrictions on foreign entry are not affected by the abolition of the Foreign Investment Review Agency.

Banking is governed by the Bank Act which does permit foreign-owned banks to be set up, though under strict restricregards foreign entry into the securities industry is discussed in another article of this survey.

aided very much by the cyclical pattern in the North American economies. (Indeed, recovery began well before the Progres-sive Conservatives came to

But it has run into several road blocks. In particular nobody can tell what will come of the proposed negotiation of a form of free trade agreement with the U.S. No verdict is yet possible on the Government's economic strategy.

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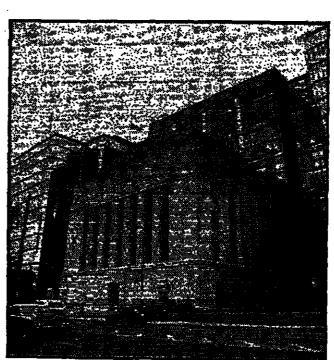
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Hydro-Québec



Financial Assets of Canadian Financial Institutions, 1967 and June 1984

	C\$bn		Per cent of system assets	
•	1976	1984	1967	1984
Major deposit-taking institutions				
-Chartered banks	24,9	213,9	34.3	37.4
-Trust and loans	7,9	63.3	9.6	11.1
-Co-operatives	3.3	40.2	4.5	7.0
Contractual-savings institutions				
-Life insurers*	12.8	63.4	17.6	11.1
—Trusteed pension funds	8.0	83.8	11.0	14.6
Other financial institutions				
-Private sector!	10.8	62.9	14.9	11.8
—Public sector‡	5.9	45.1	8.1	7.9
Total	72,7	572.6	100.0	100.0
Includes their socident and sickness insurance operations and segregated funds. I includes property and casualty insurance companies, sales finance and consumer loan companies, revestment dealers, mutual funds. Quebec savings banks, mortgage investment trust corporations, financial leasing companies and business financing corporations. Excludes the Bank of Canada.				
Source: Financial Flow Accounts, Cana	de Gezett	s, and Ban	k of Canedo	Review



Canada. Short-term interest rates have been

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Improvement in the size and quality of earnings

Banks W. L. LUETKENS

BANK PROFITS have taken a decided turn for the better in Canada this year. Though one Canada this year. Though one small bank collapsed in the third quarter and another may not survive, aggregate profits in the whole system of Canadian-owned chartered banks during owned chartered names training the year to October 31 are going to match or exceed the record profits of C\$1.7bn (about £940m) chalked up in 1962-83.

Moreover, the quality of those profits will be more solidly founded because—fail-ing a recession of new disasters in the Third World—loan losses have probably passed their neak

In addition, the trend towards In addition, the trend towards can be measured by the fact lower interest rates should that loan losses of the Canadian permit banks to retain the banks during the past four higher spreads recorded in the years came to C\$100m (or 4 per third charter of the course of loans outstrated and the course of loans outstrated by the fact that loan losses of the Canadian banks during the past four the course of loans outstrated by the fact that loan losses of the Canadian banks during the past four that loan losses of the Canadian banks during the past four years came to C\$100m (or 4 per third loans). third quarter of the current

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The collapse of Canadian Commercial Bank and the near-collapse of Northland Bank are dealt with in the article of this dealt with in the article of this Survey covering western Canada, where they are based. But it should be noted that they differed from almost all other Canadian-owned banks in having loan portfolios heavily other Cenadian-owned banks in Loan losses have been having loan portfolios heavily declining for the second year concentrated in the energy field in succession and, all going and in western real estate.

The worldwide troubles of in prospect during the next two been building up a general the oil industry, which reflected years. Not only will that sovereign risk reserve of on western property values, strengthen the whole system, it C\$2bn which is expected to inon western property values, took heavy toil of these two banks. Besides, unlike most of the others, and in particular the Big Five, CCB and Northland had named denosit bases.

Hugh Brown, bank analyst of Burns Fry, the Toronto invest-

bigger banks have had their fair share of troubles in the 1960s, but have ridden them out on the far wider basis of their business.

The extent of those problems cent of loans outstanding), with domestic losses exceeding those in the Third World. The financial troubles of Dome Petroluem, of Massey-Ferguson and of a multitude of medium and small enterprises are sufficient explantion of the risks that arose in the banks' Cana-

will also improve the quality of crease by another C\$1bn within the profits reported. Canadian banks debit provisions for loan diminish the amounts available

losses to their accounts on a for distribution to shareholders:
sliding five year average of but it does increase the inner actual loss.

worth of the banks which they worth of the banks which they

wholesale funds.

When actual losses exceed

These two banks, therefore, that average the effect is that
were special cases or even earnings are overstated. When,
"unique," in the word of Mr as is now happening, the averwhich the major banks have that average the effect is that earnings are overstated. When, of the broader capital bases

Together they accounted for less than 1 per cent of the Canadian chartered banks. The older and profits have not yet beginn to profits—have not yet begun to show a significant advance. Prospects for 1985-86, however, are looking brighter.

The reasons for stating that The reasons for stating that the quality of profits is improving, however, do not end there. Aggregate claims on 32 Third World countries amount to C\$25bn. Given the question marks overhanging many of those claims, the banks have

age exceeds actual losses, earnings are understated but more solidly based.

been giving themselves under some pressure both from events and from the federal regulatory

According to Burns Fry, total leverage (meaning the factor by which assets exceed primary and permanent secondary capital) rose from 16 to 30 between 1960 and 1981, and has now come down to 25.

For the shareholder that has meant that profits per share-unlike aggregate profits—have not so far begun to rice sig-micantly in the industry, though forecasts for the current ing better.

Mr Brown of Burns Fry, speaking very much from the shareholders' point of view, says that light can be seen at says that light can be seen at the end of the tunnel—"though we're not yet coming out into the sunlight, dancing." Mr Roy Palmer, of another stockbrokers, Alfred Bunting, who has been making the point that the quality of earnings is improving, also adds his caution: "The prospects appear favourable for higher earnings in 1986 but let's guard against euphoria: the international debt problem remains grave euphoria: the international debt problem remains grave and will sometimes re-emerge as the major concern for investors."

As regards individual banks. Toronto-Dominion (T.D) and the National Bank of Canada remain the analysts favourites. with returns on assets well above the average.

The T-D's eminence is attributed to good management, but also to the fact that its cusiness is heavily concentrated in Ontario which has led the current economic expansion in Canada. The Canadian Imperial Raph of Comments Canada. The Canadian Imperial Bank of Commerce (CIBC) has also begun to win plaudits after a poor patch.

Performance of banks

	Assets (C\$m) July 31, 1985	Return on assets (%) for year to July 31, 1985
Royal	91,664	0.53
CIBC	73,820	0.52
Montreal	80,046	0.50
Neva Scotia	58,066	0.50
Terente-Dominion	50,328	0.89
National	21,517	0.77
Continental	6,248	0.29
Mercantlie	4,419	0.29
Brit, Columbia	3,250	-0.10

position remains favourable for situations that mar the outlook increased bank earnings. A a little, further decline of interest rates, which tends to improve spreads, is probale. And there are signs industry, and with them demand for commercial credit, will at

last pick up. But there is no certainty. There is a consensus, though no unanimity, among economists that growth will slacken in the economy next year. The latest trade figures show a slackening of export demand from the U.S. which, in the past two or three years, has been the main expansionary element for

The difficulties of the two had no visible deleterious effect upon confidence in the large banks (apart from the bad pubbanks (apart from the bad publicity which inevitably reflected upon the entire industry). But some smaller institutions, and especially those relying upon wholesale deposits for funding, may be squeezed into paying marginally higher interest rates.

which was caught up in the difficulties of the region, underyears, has been the main expansionary element for took a thorough pruning of its those with pote asset portfolio and a management shakeup. Bank analysts the uncertainties that the position of apart, there are some special main and thorough pruning of its those with pote asset portfolio and a management shakeup. Bank analysts the uncertainties that the position of berta story may compared to the position of the region, undermany per taking plates asset portfolio and a management shakeup. Bank analysts the uncertainties the position of the region, undermany per taking plates asset portfolio and a management shakeup. Bank analysts the uncertainties the position of the region, undermany per taking plates asset portfolio and a management shakeup. Bank analysts the uncertainties the position of aparts, there are some special shakeup. Bank analysts the uncertainties the position of aparts, there are some special shakeup.

a resumption of dividend payments is not in sight.

Nor is there much cheerful ws about the foreign-owned banks in Canada, the so-called Schedule B banks, which operate largely in the wholesale market.

They are credited with having brought a fresh wind of competi-tion into the system since their inception under the Bank Act of 1980. For most of their lives they have operated in an atmosphere of low credit demand from industry and they have also had difficulties achieving a

Return on average assets for the Canadian banks averaged 0.51 per cent in the quarter to July 31. For B banks it averaged 0.38 per cent.

That average, of course, bides great discrepancies between the performances of the foreign-owned banks. Several U.S. banks are among the leaders of the pack, but Standard Chartered of Canada, Credit Suisse and Union Bank of Switzerland all turned in better than average perform-

marginally higher interest rates.

One important western bank, the Bank of British Columbia, which was caught up in the difficulties of the region under may be taking place. At least those with potent owners abroad should not suffer from the uncertainties that the Al-berta story may cause in the

THE FOUR PILLARS

 Chartered banks are the only institutions with full freedom in commercial lending. Number: 72, including 14 domestically controlled schedule A banks and 58 foreign-owned schedule B banks. All banks are regulated by the federal government in Ottawa. Largest: Royal Bank of Canada, Bank of Montreal, Canadian Imperial Bank of Commerce, Bank of Nova Scotia, Toronto-

Trust and mortgage loan companies may offer discretionary and fiduciary services, but are limited in the mount of their commercial lending. They offer a wide range of deposit accounts and real estate agencies. Number: 66. Most are provincially regulated. Largest: Canada Trust, Royal Trust, National Trust, Canada Parmanent.

 Insurance Companies are allowed to underwrite life insurance and issue life-contingent amutiles. Number: 571, of which 186 are life insurers and 314 property and casualty companies. Most are federally regulated. Largest: Life—Sun Life, Manufacturers Life, Great-West Life, Property/casualty—Co-operators General, Royal,

Lioyd's of London.

Investment dealers have a monopoly on corporate securities underwriting and stock exchange membership. Other activities include merger and acquisition advice, some deposit-taking and research. Number: 70, all provincially regulated. Largest: Dominion Securities Pitfield, Wood Gundy. Burns Fry, Richardson Greenshields, Merrill Lynch Canada.

Source: The Regulation of Canadian Financial Institutions (Government Report, April 1985): Financial Post 500, and increased with the said and a feet of the control of

Profile: National Bank of Canada

Eyes cast abroad

1979 merger between Bank Canadian National and the Canadian National and the Provincial Bank, the country's sixth largest banking group stumbled to a C\$28m loss in the first quarter of 1982. Directors' fees were lalved, and the bank ran newspaper advertisements in its home province of Quebec assuring customers that it would survive.

National Bank has not only National Bank has not only survived, but prospered to the point where it is widely regarded — with Toronto-Dominion Bank (T-D)—as one of the best-managed institutions in the country. Chairman and chief executive officer Michel Belanger, aged 56, was recently named by Institutional Investor magazine as one of five international bankers of five international bankers of the year, and he is sometimes mentioned as a future Governor of the Bank of Canada

National's return on assets reached 0.67 per cent in the three months to July 31, exceeded among the six largest banks only by T-D's return of 0.78 per cent.
Assets stood at C\$21.5bn, 12

per cent higher than a year earlier. The bank's share price has doubled on the Toronto Stock Exchange in the past can debtors a

year.

Quebec still contributes 85
per cent of National's Canadian
business, and its low exposure
in western Canada has helped it to avoid the drag of non-performing real estate and energy loans which have troubled most of the other

troubled most of the other major Canadian banks.

Mr. Belanger, a former Quebec civil servant and President of the Montreal Stock Exchange, says that National will fight to preserve its market share in Quebec. But he sees the best opportunities for rapid growth outside Canada, and the bank's expansion in the past year has centred on the U.S. Offices were recently opened in Atlanta and Dallas, and the U.S. now accounts for about 6 per cent of total assets, up from 2.5 per cent 18 months ago.

2.5 per cent 18 months ago.
Mr Belanger hopes that as a
Canadian bank, "being friendly
but far away." National can pick up corporate business in the Sunbelt and the Mid-West of the U.S. It is bigger than most American regional banks with an international reach that few of them can match. The bank is concentrating on two types of business in the U.S.: participation in loans to

THE contrasts in National large (predominantly East Bank of Canada's performance (Coast) companies, and a wide over the past three years are remarkable. The product of a sized firms as one of four or five regular bankers.

National also has branches in London, New York, Chicago in London, New York, Chicago and Hong Kong. Earlier this year it took a 60 per cent interest in a Hong Kong-based joint venture which will initially specialise in counter-trade, but which one National Bank official describes as a move into merchant banking.

One potential flaw in National's armour is its relatively heavy exposure to Latin America. Loans to Latin American and Caribbean borrowers made up almost 10 per cent of total assets at the end of fiscal 1984, with about two-thirds to Brazil and Mexico.

The sensitivity of the bank's earnings to its Latin American business was reflected in its recent third quarter results. Interest receipts from Argentina during the quarter, totalling C\$10.7m, contributed 20 cents of the three months' income of 93 cents a share. Overdue interest on sovereign loans had climbed to U.S.13m on July 31 from U.S.\$5.4m a

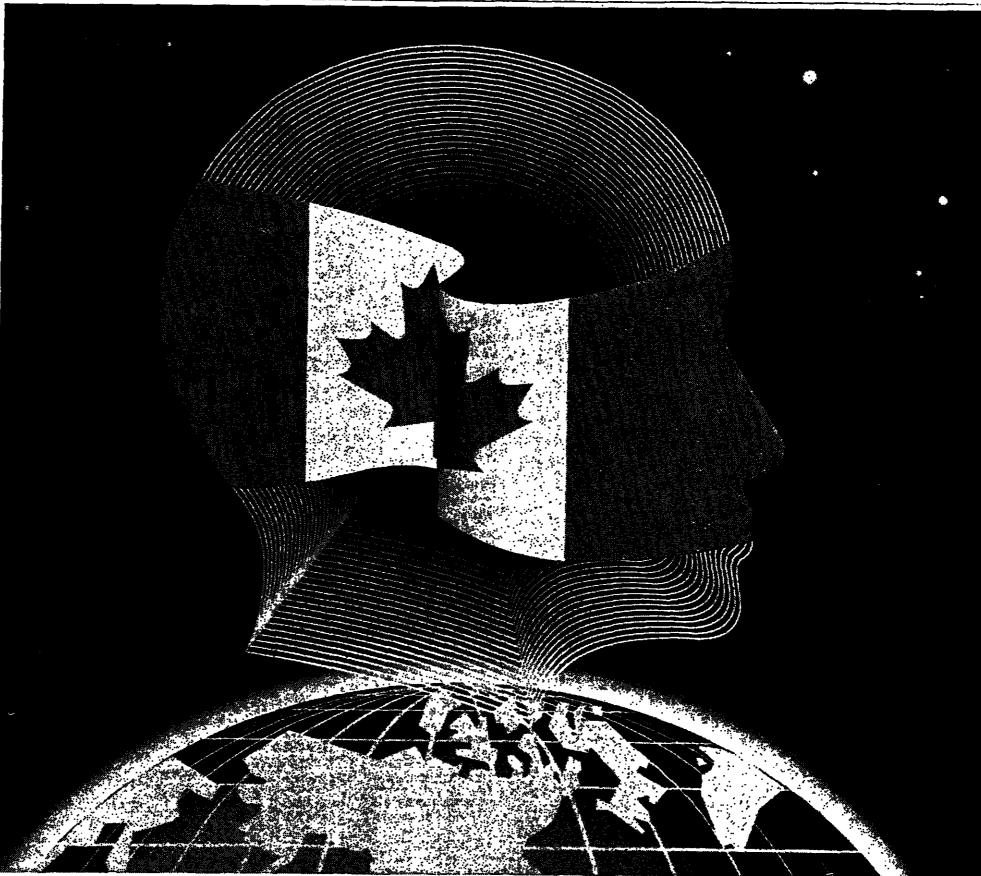
Mr Belanger does not viev the problems with Latin American debtors as a threat to the bank's financial health. He points out that capital and reserves have been raised substantially, roughly doubling since 1982.

The ratio of total capital to gross assets has moved up in the past year from 5.4 per cent to 5.8 per cent. Provisions on sovereign risk loans to more than two dozen "problem" than two dozen "problem" debtors identified by the Inspector-General of Banks have risen to 9.6 per cent of loans to those countries, from less than 6 per cent last October.

National Bank is in the pro cess of strengthening its capital base further. It issued 4m warrants last June entitling holders to buy one common warrants last one common share for each warrant by nid-December. The purchase price is C\$18.50 2 share, well below National's current share price.

The issue represents another breakthrough for Canada's only francophone bank. It is the first recent issue of shares by a Canadian bank at a price above the institution's book value. A number of other banks' shares are trading at

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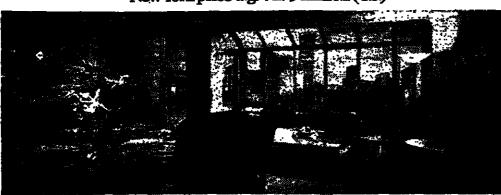
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Heavy burden on supervisory system

Regulatory Climate BERNARD SIMON

SUPERVISORS Canada's financial institutions have seldom had more on their plates. Confronted with a slew of new challenges in the wake of rapid changes in the domestic and international environ-ment, they also find themselves in the middle of an un-precedented public debate on regulatory reform.

At least four reports on key sectors of the financial system have been published in the past year. The Federal Government has released a discussion paper incorporated institutions. A committee headed by the senior cartner of a Vancouver securioartner of a Vancouver securiies firm, Mr Robert Wyman,
has proposed sweeping changes
a Ottawa's deposit insurance
scheme (dealt with in a
separate article in this survey).
The Ontario Securities Commission has examined ways of
ppening the Toronto market to greater foreign participation. Finally, another commission 'ed by Prof. Stefan DuPre of Toronto has produced a report in Ontario's financial institu-

New perspectives on many of the issues raised by these in-restigations have surfaced in recent weeks in the wake of the vell-publicised troubles of the wo Alberta banks, Canadian commercial and Northland.

There is little doubt, for instance, that their problems— leading to the first collapse of leading to the first collapse of the Green Paper proposals in the Green Paper, at least take account of growing links until the next review of the will reopen debate on many or between different types of insti- Bank Act, scheduled for 1991.

The task of regulating financial institutions in Canada is split between federal and pro-vincial authorities, with the former having authority over banks as well as federally incorporated trust companies and insurers, and the latter overseeing the securities industry and the provincially registered trust and insurance groups. The key officials at the federal level are the Inspector-General of Banks and the Superintendent of Insurance, both reporting to the Finance Ministry.

Provincial rules vary widely, as do the powers and resources of provincial regulators. These discrepancies — notably the relaxation of some curbs on ownership of financial institutions in Quebec and proposals for trust company and securities industry reform in Ontario
—have also contributed to the present climate of uncertainty.

Framework

The most far-reaching of the recent spate of reports is Ottawa's Green Paper. Its recommendations are designed to bring the regulatory framework into line with recent develop-ments in the financial services industry, especially the emer-gence of financial conglomerates with a single dominant share-

The growth of these con-glomerates has been a key factor blurring some of the distinctions between the "four set up "Chinese walls" to separpillars" of the financial system ate their fiduciary business from
(banks, trust companies, other activities. investment

same time, the paper reflects a widespread conception among Canadians that, in the words of one senior Government official, the banks are "big and nasty" while other institutions are 'small and struggling."

The main recommendation is for the creation of federally regulated financial holding companies as umbrellas for insti-tutions controlled by a dominant shareholder. The potential scope of the holding company's interests would be broad, includ-ing the possibility of setting up a bank, to be known as a "Schedule C" bank. (Schedule A banks comprise the 14 domestically owned institutions,

The concept or schedule C banks as subsidiaries of financial conglomerates is a radical departure from traditional Canadian rules which have up to now barred any shareholder from owning more than 10 per cent of an "A" bank.

The Green Paper proposes a number of safeguards to discourage conflicts of interest and "self-dealing." There would be an outright ban on dealings between any arm of a financial conglomerate and any other person or group in a position to control or influence it.

No concessions to the big domestic banks were envisaged

the key proposals in the tution, but also suggest ways of Curbs on their ownership would the two banks has illustrated federal Government's Green controlling them and minimising remain intact, as would restrict the difficulties facing regulators remain intact, as would restrict the difficulties facing regulators remain intact, as would restrict the difficulties facing regulators remain intact, as would restrict the difficulties facing regulators on their ownership would the two banks has illustrated to the federal Government's Green controlling them and minimising remain intact, as would restrict the difficulties facing regulators remain intact, as would restrict the difficulties facing regulators on their ownership would the two banks has illustrated to the federal Government's Green controlling them and minimising remain intact, as would restrict the difficulties facing regulators remain intact, as would restrict the difficulties facing regulators on their ability to even in a widely-held institutimplementation.

proposals.

Even some of the emerging about the conglomerates, supposedly the main beneficiaries, seem to have had second thoughts, concerned that the strict rules to control conflicts of interest and selfwhile the 57 foreign-owned banks are included in Schedule dealing may inhibit rather than broaden their room for

Protested

The big banks have protested strongly, with several publish-ing special booklets to air their views. According to the Bank of Nova Scotia, "it would be extremely difficult for regulators to detect and block (conflicts of interest) before it is too late. Better to largely eliminate the environment that breeds self-dealing by requiring deposit-taking institutions to be

widely owned."
Such arguments have up to to control or influence it.

Investors and depositors experience with three Ontario would be protected by a Finantial Conflicts of Interest Office.

Trust companies would have to creation of Schedule C banks bank troubles in Alberta, even though these banks were not closely held.

land affair, but experience with faded.

services or insurance. (The supervisors in Ottawa clearly recent OSC report would allow Schedule A banks to take an interest four to 30 sepecially at CCB where one third of the bank's bons were to take an interest fo up to 30 especially at CCB where oneper cent in securities firms,
though that would require found to be non-performing.
Changes to existing federal law.)

With the notable exception of
the banks, the Green Paper was
initially welcomed in most
quarters. But as summer has
progressed, the mood appears
to have swung against its main
nonosals. off about dubious loans and about the overall viability of

> The role of auditors in alerting the authorities to potential trouble spots such as the valua-tion of assets, inadequate write-downs and loan loss provisions is likely to play an important part in the renewed debate on

> regulatory reform.
>
> Meanwhile, the InspectorGeneral has begun appointing
> a group of recently retired
> bankers as Government consultants to help examine banks' lending practices in more detail. Minister of State for Finance, Barbara McDougall has unveiled plans to rush new legisveiled plans to rush new legis-lation through Parliament giving regulators wider powers to put "realistic" values on banks' real estate assets, and to vet mergers and takeovers

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among banks. Given the growing realisation that present supervisory systems are stretched to the limit, there is likely to be scant support of regulators. Ottawa's earlier hopes of turning the Green Conflicts of interest are not legislation before the end of the sue in the CCB and North-

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Profile: Mrs Barbara McDougall, Minister of State for Finance

Need for more sophisticated regulatory parameters

bank failure in more than 50 years. With some of the most respected civil servants in respected civil servants in Ottawa, Mrs McDougall has been attacked by the opposition parties for making an enormously expensive and ultimately aborate the established principle.

That storm will probably blow over, at least for Mrs McDougall who, as Minister of State (Finance), cardes politiresponsibility for the ry's financial industry. But it will cause a lot of heart searching and some second thoughts about Mrs McDougall's proposals, made in a Green and dried proposals. But she Paper, for restructuring the also says that the principles regime governing Canadian behind the paper must stand. "What we are really talking

BARBARA McDOUGALL, a Mr Brian Mulroney, a key pro-soignée former journalist who posal in Mrs McDougall's dis-made good, is at the eye of the cussion paper would sanction storm caused by Canada's first the formation of financial conglomerates now emerging in

Canada.

tive attempt to rescue the that Canadian banks must not Canadian regulatory system canadian Commercial Bank.

have individual shareholders do with some tidying up. Banks with stakes above 10 per cent. (An exception has been made the securities industry come for foreign owned banks which under separate authorities. In

> Mrs McDougall readily admits that the Green Paper is a dis-cussion paper, not a set of cut

If will also drive home the about is standards and quality need perceived by Mrs Mc —not de-regulation and re-Dougall to tighten a supervisory regulation" she said in an inter-Dougall to tighten a supervisory system that has been unable view. The existing supervisory to prevent a series of collapses, system, she said, was devised first in the trust industry and for times before the recent worldwide revolution in finance and before the mercial Bank.

In keeping with the philosophy of cautious deregulation number of chartered banks in
embraced by the Government of Canada.

sophisticated regulatory parameters: that includes technology: it includes a better quality of people." Mrs McDougall said she was not speaking about any particular personalities, but rather about the ability to call in experts in certain areas to give flexibility, It is herd to dispute that the Canadian regulatory system can

under separate authorities. In may be closely held, but are some cases federal and pro-under controls governing their vincial governments have parallel or even conflicting regulators and policies.

Mrs McDougall is relying on

the improved climate between Ottawa and the ten provinces, which Mr Mulroney has brought about, to help with the latter

Her own career has given her much experience of financial industry and the changes which have occurred in it since the

Born in 1937, Mrs McDougall received an honours degree in economics and political science Toronto University in 1960. After some journalistic writing on financial matters, she became a chartered financial analyst in 1973, and executive director of the Canadian Council of Financial Analysts

Previously she had served as portfolio manager of a western Canadian trust company and as vice-president of A. E. Ames, later Dominion Ames, a leading Toronto securities firm In 1984 Mrs McDougali was

elected to Par ament in the Pregressive Conservative landslide and was immediately ap-pointed to her present ministerial post.

The Green Paper proposal to permit the establishment of closely held Canadian banks is Mrs McDougall's most controversial contribution so far to the debate about the future of Canadian financial industry.

It breaks with an ingrained

tradition. She proposes strict rules to eliminate conflicts of interest and to bar the use of clients' funds to benefit the business of a shareholder or direc-tor. But the recent failures of several closely held trust com-panies, in some cases under fraudulent circumstances, have

added spice to the debate.

Mrs McDougall sets limits to
the process of conglomeration. The existing distinction between various functions such as banking or the management of trust funds should be preserved as separate affiliates of holding conglomerates. "I prefer to clarify what is a

hank what is a trust company and what is an insurance company," she says. But she ac-cepts that in the market place conglomerates already exist. "I can either roll them back,"

she says. "Being a market-place person I am not en-chanted with that idea. Or I can bring them into the struc-dealers are "in ture. My objective is to bring them into the structure. But I don't want to prejudge what comes out of the discussions we are baving right now." At times it must feel like



Profile: Mr Stanley Beck, Chairman of the OSC

Eager to expand outside links

The new chairman's commitment to the report's guiding principles appears to be as strong as that of his pre-decessor, Mr Peter Dey. According to Mr Beck, "I think there must be an opening up in a way that will preserve the Canadian character of the industry. The only question is the degree and the pace."

Mr Beck, aged 51, will have a little more time than pre-vious OSC chairman to put his ideas into practice before returning to Toronto's presti-gious Osgoode Hall law school where he was dean, prior to moving to the OSC. His three-year term of office is one year longer than normal.

On the other hand, Mr Beck On the other hand, Mr Beck is anxious that the provincial government should start implementing the OSC proposals soon, if possible before the end of the year. (The recommendations include allowing foreigners to own up to 30 per cent of a registered investment dealer, and creating a new class of foreign-controlled dealers whose growth would be vestment dealer, and dreating takeover and thies. Decause a new class of foreign-controlled it is a federal system without dealers whose growth would be a national regulator, you have limited by capital ceilings, to have a high degree of cosimilar to those imposed on the operation," he argues. assets of foreign - controlled banks in Canada).

He wants securities industry reform to go ahead even if the future of the other three pillars of the financial system remains undecided. "We can't wait for all these other events,"

The new chairman says that the choices facing investment dealers are "just the Canadian dilemma pushed over into the securities market. How do we maintain a viable domestic industry while still remaining an international player, and without being swamped from

W. L. Luetkens one of his highest priorities is to ensure that Toronto

MR STANLEY BECK became secures a position "right at the chairman of the Ontario Securitop" of second rank financial ties Commission (OSC) two centres below London, New months after Canada's pacesetting securities watchdog published its report last February already well-developed for an alleady well-developed for an arrest secures are secured. calling for greater outside participation in the Toronto-based brokerage industry.

The new chairman's commitCanadian markets and inter-

nationally. The Toronto Stock Exchange's electronic trading link with the American Exchange in New York, due to be inangurated in late September, is viewed as an important milestone, representing the first two-way market between trading floors in different countries.

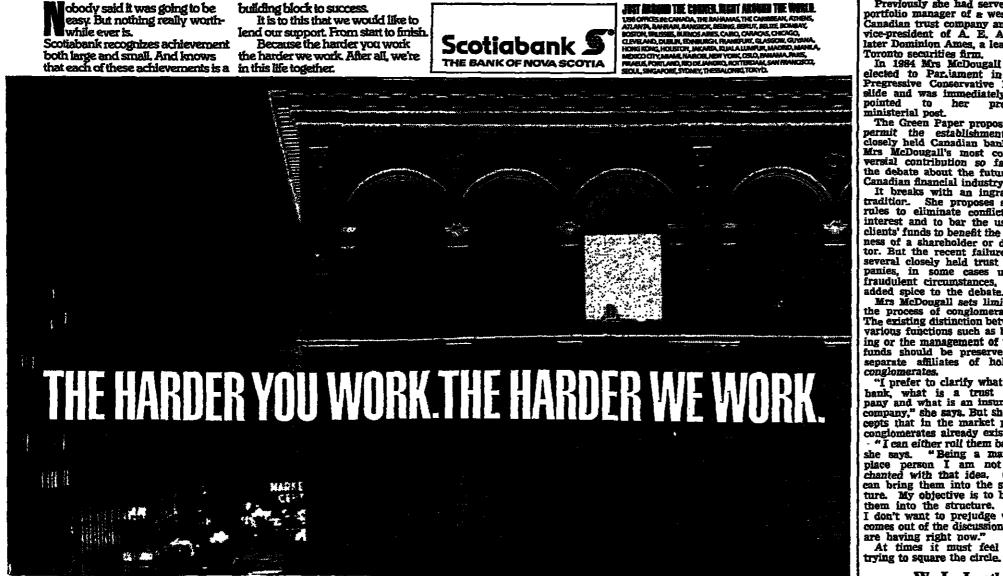
Mr Beck wants to see the efficiency of the Toronto market improved further by installing retrieval and analysis systems to allow companies to file pros pectuses through a computer and to give instant access to information on insider trading disclosures, new prospectuses and so on.

He believes there is scope for closer co-operation among stoc exchanges in Canada for the benefit of issuers and investors. Mr Beck intends to press his counterparts in other Canadian provinces to move towards uniform filing requirements and takeover bld rules. "Because

operation," he argues.

A visiting fellow at All Souls College, Oxford in the mid-1970s, Mr Beck expresses admiration for the pace of reform on the London Stock Exchange. Whether Canada should follow the UK's example in a different matter has Mr. is a different matter, but Mr Beck asserts that "the pace of change is dramatic, and we truly are moving towards inter-national capital markets with international trading inter-national regulation." He is concerned that the cautious reaction of some Toronto securi-ties firms to the OSC's recent proposals will isolate Canada from these inexorable trends.

Bernard Simon



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Mr Rowland Frazee, chairman of the Royal Bank of Canada recently expressed his continued concern at "the relative weakness of the resource and real estate sectors in western

Silver lining to a dark cloud

taking over the right to nomi-nate the corporation's directors. Ottawa has several times bent the rules of its deposit insur-ance scheme to pay out even uninsured depositors.

uninstitled depositors.

In the case of CCB, Federal and Provincial government agencies and the country's six largest banks stitched together a C\$255m rescue package last March. The ballout was partly an effort to shield Canada from the jitters sweeping U.S. financial markets after the failure of Continental Illinois and savines institutions in Ohio. It also

third of its deposits as nervous investors withdrew funds. The Bauk of Canada again stepped

products manufacturer Scovill.

parity due to lower income at Scovill. The company's main Canadian subsidiary, First City

Trust, which has offices in other parts of the country too.

The West BERNARD SIMON

DISQUIET IN financial circles DISQUIET IN financial circles at the collapse of Canadian Commercial Bank (CCB) of Edmonton and the Calgary-based Northland Bank in early September may be allayed by signs that the protracted difficulties experienced by financial institutions in western Canada over the past three years are starting to ease.

anada over to ease.

As the economies in Alberta and British Columbia (BC) show new signs of life, real estate markets—one of the main problem areas for lenders—are gradually moving out to ease.

As the economies in Alberta and British Columbia (BC) show new signs of life, real estate markets—one of the main problem areas for lenders—are gradually moving out to the life in the least that the life is the life in the life is the life in the life is the life in the life is markets—one of the main prob-lem areas for lenders—are gradually moving out of the doldrums. Credit unions in British Columbia, whose lending is concentrated on residential properties, had their best quar-ter in three years between April and June of this year. in with support in the form of short-term loans, which bal-looned to C\$1.3bn in late August.

Mr John Mason, chairman of Alberta's Credit Union Stabilisation Corporation, says that "we are more confident than we have been for some time."

The run on deposits spread to Northland Bank which, despite remaining profitable, was also forced to turn to the Central Bank for assistance. Central Bank for assistance.
Northland's loans from the Bank

Vancouver-based, Bank of British Columbia, which sufof Canada reached C\$510m by fered a pre-tax loss of C\$2,9m in the nine months to July 31
1984, is back in the black, with mortgages climbing by 34 per cent in the past year and commercial loans by 10 per cent.

We candal restar less to disconnique to disconnique its support and appoint curators for the two banks.

Northland was not put into liquidation immediately, to give its directors an opportunity to liquidation immediately, to give its directors an opportunity to

Signs are. for the time being, however, little more than a silver lining under the wing of a larger, more stable institution. North to a dark cloud. The slump in energy and real estate markets land reported a profit of C\$0.3m in the three months to July 31 1985 and recently sold the bulk of its non-performing in Alberta and Saskatchewan and deep recession in British Columbia between 1981 and last loans, equal to 7 per cent of year have left shadows over both the region's financial insti-tutions and on many others in eastern Canada and beyond.

assets to a company set up by two local businessmen who had close links with the bank.

The past year has been a hap-

pler one for Bank of British Columbia, With the colourful former U.S. steel tycoon and football team owner Mr Edgar Canadian Commercial Bank and Northland Bank were by no means the first to feel the pres-sures of borrowers unable to Kaiser at the helm, the Van-couver bank has strengthened meet their commitments, and assets valued well below levels its capital base, recruited two senior officers from Bank of Montreal and Bank of Nova Scotia, and expanded its branch of four or five years ago when the west's energy boom was at

Pioneer Trust, Saskatchewan's network by taking over the offices of Saskatchewan's Piolargest trust company, was forced to close its doors at the neer Trust. The bank is increas-ing its profitable U.S. business and has started a small investend of last year. Alberta's 131 credit unions suffered a C\$45m operating deficit last year, and 46 of them remain under the direct superivision of the Stabiliment banking operation in South-East Asia.

Prospects for other institutions have also improved, but not yet to the point where their worrles are over.

North West Trust of Edmonsation Corporation.

The energy crunch has hurt several of Canada's largest banks. Mr Rowland Frazee, chairman of Royal Bank,

banks. Mr Rowland Frazee, chairman of Royal Bank, recently expressed his continuing concern at "the relative weakness of the resource and real estate sectors in western Canada."

A large number of U.S., European and Japanese banks also have a substantial exposure to such troubled borrowers as Dome Petroleum of Calgary and the Quintette coal mine in north-east BC. Dome earlier this year reached agreement with its creditors to stretch debt repayments to the midigent of the first time in several years.

CCE's losses reached C\$21.5m in the six months to April 30 western Canada whose wide-strength in the sex months to April 30 western Canada whose wide-strength in the sex months to April 30 western Canada whose wide-strength in the sex months to April 30 western Canada whose wide-strength in the sex months to April 30 western Canada whose wide-strength in the sex months to April 30 western Canada whose wide-strength in the sex months to April 30 western Canada whose wide-strength in the previous three months. But the company's future remains clouded by its substantial investment in CCB. Alberta credit unions will soon pool foreclosed properties in a subsidiary of the Stabilisation Corporation, which will gradually put them on the market. The value of the properties is estimated at close to C\$300m. The union's losses this year are expected to be substantially lower than in 1984.

csecon for the arst time in several years.

CCB's losses reached C\$21.5m in the six months to April 30 1985 and about one-third of its loans were classified as non-performing. Besides a heavy exposure to western Canadian real extent the Edwards of the several canadian real extent the Edwards of the several canadian financial institutions based in western Canada whose wide-spread interests have shielded them from the full impact of the problems on their doorstep. The First City group of Vancouver, controlled by members of the Belzberg family, has extensive property interests in the U.S. and earlier this year took control of the consumer products manufacturer Scovill. exposure to western Canadan real estate, the Edmonton bank (assets C\$2.7bn) incurred sub-stantial losses on loans to U.S. drilling rig operators. A House of Commons committee has also criticised the bank's management for not recognising the scale of its problems at a suffi-First City Financial suffered a substantial drop in earnings in the first half of this year, but the decline was ironically ciently early stage.

The Federal Government and provincial authorities have had to step in several times to help alling institutions. Some have been provided with deposits to tide them over. The Alberta other parts of the country too. Government has promised direct funding for the Credit Union mortgages and a significant Stabilisation Corp. in return for decline in loan losses.

Deposit Insurance BERNARD SIMON

THE RECENT bank troubles in Alberta made early reform of deposit insurance one of the highest priorities of Ottawa's financial regulators.

Having assured depositors that their money was safe after the Government-sponsored bailout of Canadian Commercial Bank last March, Ottawa had little choice but to undertake to make good the losses of all depositors when it pushed the Edmonton institution towards liquidation in September. Depositors in Northland Bank will also be fully compensated if that bank goes under.

Such generosity cuts across some of the fundamental rules of the Canada Deposit Insuror the Canada Deposit Insur-ance Corp (CDIC), the Govern-ment agency which has pro-tected depositors since its formation in 1967.

CDIC's deposit insurance fund was C\$377m in the red last December. Even without taking into account payments to CCB and Northland customers, the deficit was expected to climb to C\$1.5bn by the end of 1985.

By providing coverage for all describes in the two Alberts.

In the financial system."

Other exceptions to the financial institutions.

The banks, which contribute about three-quarters of CDIC's premiums, are furious that—out the corporation contribute back on a sound financial ing and to avoid a future petition of its recent trought for the company, Pioneer Trust, earlier this year. Ottawa and the Saskatchewan authorities chip—out package last March—its their money to floundering financial institutions.

The committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the CCB bail-out petition of its recent trought for the committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the CCB bail-out petition of its recent trought for the committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the CCB bail-out petition of its recent trought for the committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the CCB bail-out petition of its recent trought for the committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the CCB bail-out petition of its recent trought for the committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the committee's report, about three-quarters of CDIC's premiums, are furious that—buted C\$75m to the CCB bail-out three-quarters of CDIC's premiums, are furious that—buted C\$75m to the committee

By providing coverage for all depositors in the two Alberta banks, the federal Government will sidestep the statutory limit of C360,000 on individual deposits insured by CDIC. Payments to uninsured depositors in CCB and Northland are expected to reach as much as C3900m, which the Government will have to find from general revenue.

The exceptions made for CCB and Northland customers are by no means the first. The Corpora-tion's original mandate to "ensure the safety of deposits of small investors who are not usually in a position to judge for themselves the financial soundness of the institutions to which they entrust their savings" was first breached in 1983 to help the victims of three failed Ontario trust companies.

There is agreement on need for a better monitoring system

High priority is given to early reform

ped in C\$15m to bail out uninsured depositors.

While the deposit insurance companies. While the deposit insurance fund's losses were minimal in the first 16 years of its existence, it sank from a C\$253m surplus in 1982 to a C\$353m surplus in 1982 to a C\$353m surplus in 1982, the surplus was a modest 0.21 per cent of insured deposits, compared to 1.21 per cent posted by the U.S. Federal Deposit Insurance Corp.

Except for relieved customers of bankrupt financial institutions, Ottawa's generosity on deposit insurance has evoked universal concern in the business world. Opposition parties

ance Corp (CDIC), the Government agency which has protected depositors since its formation in 1967.

It will undermine the key rule of deposit insurance that, as in casualty insurance, income from premiums should generally cover losses, operating expenses and some additions to reserves.

In those cases, the ceiling for insurance insured deposits was retro-actively raised from C\$20,000 to the present C\$60,000, after the universal concern in the business world. Opposition parties have hammered the Government objective of deposit insurance for coming to the rescue of was also to "assist in maintaining the confidence and stability to know the risks of entrusting

Several proprietors of these failed companies have since been the subject of criminal investigations.

Even the Government has

grown frustrated at the grow-ing politicisation of deposit in-surance. Of the decision to help

The committee's report, published in April, proposes far-reaching measures to put CDIC back on a sound financial footoack on a sound financial footing and to avoid a future repetition of its recent troubles.
It concludes unambiguously
that "the primary object of
CDIC should be to insure small
unsophisticated depositor
against loss. The CDIC has no
responsibility to uninsured
creditors or shareholders of
member institutions which ex-

member institutions which experience difficulty." The Wyman committee's detailed recommendations include:
The fund to reach 0.75 per cent of insured deposits within 10 years.

An increase in annual CDIC premium rates from 1/30th of 1 per cent of insured deposits to 1/10th of 1 per cent.
 The phasing in of a co-insur-

ance system under which all depositors with balances below C\$100,000 would be liable for one-tenth of any losses. Depositors above C\$100,000 would not be increased.

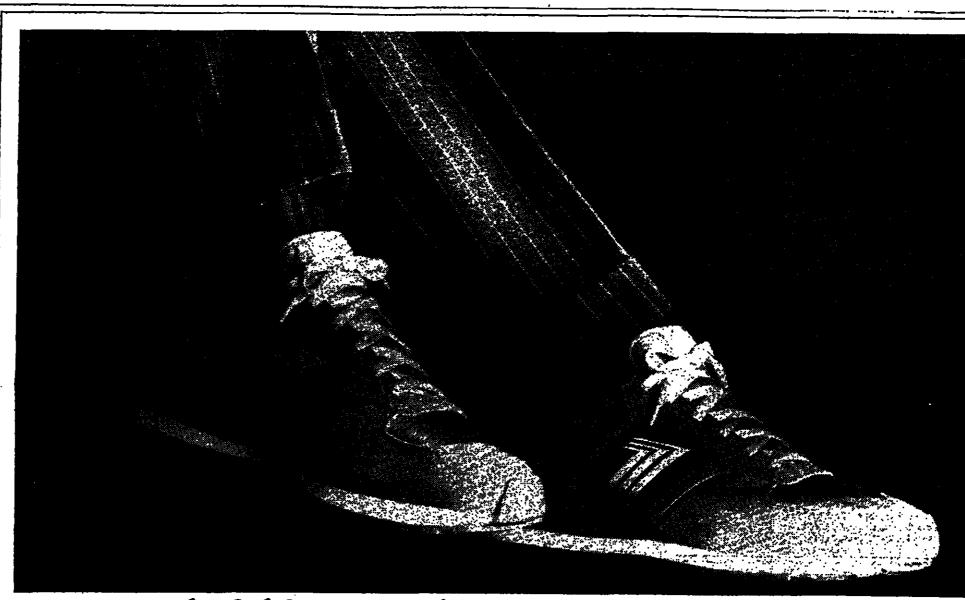
surance. Of the decision to help CCB and Northland customers Mrs Barbara McDougall, Minister of State for Finance, said, "It is not a happy situation and it will be a costly one." Wider regulatory powers for the CDIC, including the right to force member institutions to half activities "which may be private sector committee early this year, headed by Mr Robert Wyman, chairman of the Vancouver securities firm Pembertous Wyman, chairman of the Vancouver securities with the collection of the CDIC. Including the right to force member institutions to half a collection with the collection of the CDIC. Including the right to force member institutions to half activities "which may be prejudicial to (their) well-being." CDIC would be entitled to impose management changes and it will be a costly one."

Greater private sector repre-sentation on CDIC's board of

Wyman report has been widely welcomed, although some of its suggestions are too radical for the Government, and one or two others not far-reaching enough to suit the banks.

that the Government will not support risk-sharing by small depositors. It may agree however, to a graduated form of "co-insurance." where the smaller deposits (say, up to C\$60.000) are fully covered, but the CDIC's exposure falls as the size of the deposit rises. as the size of the deposit rises. The banks oppose an allround premium increase, arguing that the level of a member's
premiums should be based on
past claims by that type of institution. In other words, trust
companies would pay higher
premiums than banks, based on
the large number of trust company failures—at least prior to
the problems of CCB and Northland.

Neither the banks nor the Government are likely to agree to the broad supervisory powers proposed by the Wyman committee, although there is a wide agreement that the CDIC needs more effective monitoring systems.



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Fight to stave off intruders

INVESTMENT DEALERS:

WHAT ARE THEY?

A Canadian investment dealer combines the functions of investment banker, stock broker, and bond dealer. In 1984 the dealers underwrote C\$37bn (about £20bn) in new issues. They traded bonds worth C\$250bn in the secondary market and traded listed equities worth C\$35bn. Investment dealers also deal in the money market,

reaching a volume exceeding C\$500bn last year. As money market, reaching a volume exceeding C\$500bn last year. As money market dealers they may refinance themselves by rediscounting paper with the Bank of Canada.

Not all securities firms engage in all these forms of business. Stockbroking without the underwriting function is not uncommon.

of reorganising Canadian finan-posal in a federal Green Paper

certain safeguards.

association. "I think Canada does not need that: it would be a system in which the big

players raise vast sums for big

Investment **Dealers**

THE SECURITIES industry of Canada is engaged in a battle to protect its reserved patch against intruders from abroad and from other Canadian finan-

W. L. WETKENS

cial institutions. Not all Canadian investment dealers are agreed on this res-trictive approach, but the view of the industry—as presented both to the federal Government and to the Province of Ontario is that present protective rules should be left largely un-

touched.

The issue was brought to the fore last year as a result of the technological and organisational revolution in world financial markets and — more specifically — by a series of mergers between Canadian securities firms and the prospect of a major new venture between Daly Gordon (now Gordon Capital), one of the most aggressive Toronto investment dealers, and Bruxelles Lambert. That Cana-dian-Belgian joint venture has been held up by the Toronto Stock Exchange until the whole situation has been clarified. Its future is uncertain

In the meantime the Ontario Securities Commission, regulator of the most important Canadian securities markets, has made proposals which would give foreigners increased scope in Toronto. At present any individual foreign firm may own up to 10 per cent of a registered Canadian securities firm, provided foreign holdings do not exceed 25 per cent. The OSC proposed raising that ceiling to 30 per cent regardless of whether one or several foreign holders were involved. In addition, the OSC proposes

that a limited number of fully foreign-owned firms should be registered. Their aggregate capital would be limited to 30 per cent of the capital of the industry as a whole in Ontario.

The thinking behind these proposals is that the Canadian

one hand: and on the other that the industry would benefit from more competition and frim the improved access to capital expected from the

proposals.

What will come of all this is in the lap of the gods.

Mr Stanley Beck, chairman of the OSC, says that he hopes to get the Ontario government to make up its mind on the issue by the beginning of next year. But there has been a change of government in Ontario this summer and there is no certainty that the Liberal is no certainty that the Liberal minority government of Mr minority g

matter the same degree of priority.

cial institutions has been thrown into turmoil by a num-

ber of failures in the banking and trust companies industry.

president of the Investment Dealers' Association of Canada,

the OSC proposals go distinctly too far. Maintaining adequate

this is all about from figures

For Mr Andrew Kniewasser,

CANADA—Banking and Finance 6

came to a conclusion that is milkely to be shared by the majority of the Canadian industry: perhaps the Americans were not too big; maybe the Canadian were too small. But Mr Beck, too, spoke of Canadian ownership as an overriding public interest.

"bought deal" in which one firm subscribes fully to a new issue, instead of it being underwritten by a group. In a bought deal the securities firm settles for a lower commission, takes a greater risk, but hopes for a bigger risk, but hopes for a bigger risk.

cent in securities firms.
The matter has been made

Moreover, the entire question especially topical by the pro-

is, even though foreign-owned of the U.S. has capital almost past few years, several jumbo banks are permitted) on the four times as high as the aggre-mergers on the Canadian Scale one hand: and on the other gate capital of all Canadian have occurred. The tendency favouring the big battalions is Mr Beck in a recent speech also reflected in the arrival came to a conclusion that is upon the Canadian scene of the unlikely to be shared by the "bought deal" in which one

allowed to operate. Moreover, there is a large "exempt" market in which everyone may play without the need to

register.

The exempt market is largely an institutional market which may not deal with private investors and which is barred from most conventional types of corporate underwriting.

It was mainly this market which Daly Gordon and Bruxelles Lambert had intended to attack before the Toronto Stock Exchange put them on

Though there is a widespread feeling in the securities indus-try that it is under attack, some called access account, an American innovation which has been copied in Canada. A security firm's client with such to permit the establishment of financial conglomerates under an account may draw cheques and earn money market interest on any spare funds that he has That idea, too, has found little favour with Mr Kniewasser's deposited.

The industry also seems to have defended itself well against the advent of the discount broker offering dealing services only, without research.

too far. Maintaining adequate Canadian control, he says, is "a matter of having some say to what happens to our savinga." It is the familiar argument of and conglomerates would negeconomic nationalism which need surprise nobody in a canadian regions, the equity country whose economy is tied so closely to that of an overwhelmingly large neighbour in the U.S.

The industry waste vast sams for high customers," he says.

The industry argues that, between them, foreign interests of the outlying need surprise mobile interests of the continuous the interests of small business, and the interests of small investors. What that really boils down to is a fear of the consequences Two years ago the Toronto Dominion Bank offered its clients a means to place orders with such a broker without doing the deal itself. A shudder went through the industry as it looked like the first step of a chartered bank towards entering the securities business (something which existing law forbids). The bank's Green What that really boils down to is a fear of the consequences securities industry should be submitted to the Contario governkept under Canadian control ment by the securities industry. ties firms in business has still exists, but does not seem
(just as the banking industry These show that Merrill Lynch remained almost stable in the to have had much of an impact.

. 40 per cent interest in the

hares in Investors Group

Winnipeg (which runs 12 mutual funds and provides a personal financing planning

personal financing planning service) and Great-West Life.

It owns 50.1 per cent of Montreal Trust, and plans to

raise its 10 per cent stake in

to take control of the country's largest trust company, Canada Trust. Genstar Financial's other activities include elec-

tronic equipment rentals, con-tainer leasing, commercial pro-perty development and lease brokerage. It hought a 10 per cent stake earlier this year in

the aggressive Toronto securi-ties firm, Gordon Capital.

ties firm, Gordon Capital.

First City Financial of Vancouver, controlled by the Belzberg brothers, owns 98 per cent of First City Trust and has extensive property development and investment activities throughout North America. The Relyberg from a major step.

this survey.

E-1 Financial Corp, controlled by the well-known
Toronto businessman Mr Hal

Jackman, has a number of insurance subsidiaries (includ-

ing Empire Life and Dominion

Top league



Mr Claude Castonguay, president and chief executive of Laurentian.

By Rod McQueen

Pace setter for one-stop shopping

WHEN THE new headquarters of Laurentian Mutual opens in lowntown Montreal next year, will house Canada's first financial services supermarket. On the ground floor of the new members at least have been able C\$75m 27-storey office tower, to hit back. Bankers have been consumers will be able to despecially annoyed by the so-posit money in a savings bank posit money in a savings bank branch, obtain trust services, trade stocks and purchase

assurance. The services will not only all be under one roof, they will be owned by one financial con-

The bazaar is the work of Mr Claude Castonguay, 56, president and chief executive officer of Laurentian, Quebec's largest insurer and the company at the leading edge of one-stop finan-cial shopping in Canada. Mr focus has been on Canada, but Castonguay has taken advant-age of the fact that Laurentian is now turning its eye elsewhere. "Canada is not is chartered in Quebec, which a huge market," Mr Castonhas allowed financial institutions to move toward deregulation at a faster rate than any other Canadian jurisdiction.

With affiliations in all four of Canada's financial pillars— banking, trust companies, securities firms and life asurance—Laurentian has grown from a tiny C\$80m (about £44m) assurance company founded in 1937 to a full-blown C\$4bn corporate giant with operations in the U.S. and UK. "We are growing at a faster pace than many others," Mr Castonguay says. "Others who are not adjusting. I'm afraid, will not be able to maintain the pace." forest products group, Consolidated Bathurst. Power Financial

The group's most recent coup link-up with Power Corporation, another French-Canadian con-trolled concern. Laurentian is merging a property and casualty insurance affiliate, Personal Insurance, with Power's Gold Circle which writes the same kind of business.

As Laurentian's total staff ex-panded from 400 employees to ● Genstar, based in Vancouver decade, growth through acquisition has also grouped its financial service companies under a separate entity, Genstar Financial. Genstar bought 99 per cent of Canada Permanent four years ago, but has moved into the top league of conglomerates since it out-manoeuvred the multinational insurance group, and results are to be large in order to have the best people and remaining the control of the conglomerate of the conglomerates are provided to the conglomerate of the conglomerates are provided to the conglomerate of the conglomerate more than 4,000 during the last decade, growth through acquisi-

have the best people and reduce costs. The assurance industry trend in the U.S. and the UK has been for life and casualty to come closer together (organ-isationally). We wanted not to follow, but to lead. As changes came, we wanted to be ready." Nowhere have the changes come as quickly as in Quebec. Provincial legislation has put the Quebec-chartered mutual assurance companies on the same footing as federallychartered stock companies. There are 33 Quebec-registered

assurance companies—15 are life assurance companies, the

Tremblay, vice-president of the industry's Association Canadienne des Compagnies d'Assurances de Personnes, "is going in all directions and much faster than we thought they might."

Mr Castonguay is accustomed to being a leader. In faster es

to being a leader. In fact, as chairman of Quebec's Royal Commission on Health and Social Welfare and cabinet minister for three years, he created the Quebec Pension Plan and gave the province its medical insurance scheme. Even today, the plastic identification card each Quebecker carries to the doctor's surgery is known affectionately as castonguette."

a huge market," Mr Caston-guay says. The strategy began in 1983 when Laurentian bought 20 per cent of South-land Capital Investors of Florida, and reached out to Britain through a subsidiary, Imperial Life UK, to develop the indexed policies market.
Another British affiliate,

Laurentian Financial Services, began offering portfolio management and accepting deposits. Laurentian also took a 10 per cent position in Le Groupe Pallas, a Luxembourg invest-

Laurentian's Europe are long-standing. Group Victoire, the largest nonstate-owned life and general insurance company in France, has had a relationship with Laurentian Mutual for 25 years and is now a shareholder in the recently created Canadian holding company Laurentian Group, the arm which will issue shares this year. A similar company, Laurentian Capital, has been created in the U.S. Both holding companies will be stock companies, with shares, and will mean new money-raising capacity in both

In future, much of Lauren tian's expansion will be financed through share issues. Preferred stock has already been issued to raise capital in Canada and a further equity canada and a further equity issue is expected this autumn. In the U.S., Loyal American Life is to become a subsidiary of Laurentian Capital which is listed on the American Stock Exchange. A similar arrangement may follow in Britain so the conglomerate has a holding company in each of the court company in each of the countries in which it operates.

While his reorganisation and expansion efforts have so far paid off, Mr Castongusy still has some selling to do with his conservative sales agents who worry that technology or selfserve financial centres

replace them.
"It's difficult," admits Mr
Castonguay, "to go faster than
they're prepared to go. We're life assurance companies, the rest are property and casualty.

To date, however, the advantage goes to Laurentian. "Laurentian go, we will just spend energy to go the state of the spending that the spending spending the spending spending the spending spen

Influence which spans borders

It can be understood what of concentration in the securi-

ties industry.

Financial Service The Seagram Bronfmans), the Belzbergs of Vancouver, Mr. Paul Desmarais of Power Corporation, and Mr. Hal Jackman bare of the Seagram Bronfmans), the Belzbergs of Vancouver, Mr. Paul Desmarais of Power Corporation, and Mr. Hal Jackman bare of the Seagram Bronfmans), the Belzbergs of Vancouver, Mr. Paul Desmarais of Power Corporation, and Mr. Hal Jackman

BERNARD SIMON

INVENTIVE INDUSTRIALISTS and financiers have succeeded in bridging gaps between the four pillars of Canada's financial system in a way which has eluded individual financial institutions.

By acquiring substantial equity positions in various types of institution, such well-known entrepreneurs as the Bronfman brothers of Toronto (cousins of

glomerates which are able to offer a far wider array of services than the law allows any single trust company, in-surer, bank or investment dealer to provide.

The conglomerates have gobbled up the country's largest trust companies, several leading life insurers, the biggest purveyor of mutual funds and personal financial planning services, at least two fledgling merchant banks and the Montreal Savings Bank.

Their interests also extend to. such businesses as real estate agencies, property developers and leasing companies whose development can be strengthened by links to a financial institution.

The influence of the financial conglomerates extends well be-yond Canada's borders. Royal Trust, one of the companies controlled by the Bronfman brothers, provides banking and other financial services in Britain and the Channel Islands. Great-West Life, a subsidiary of Mr Desmarais' Power Financial Corporation, receives more than half its premium income from the U.S. Power also has a minority stake in Pargesa, the Geneva-based investment hold-ing company, and links to the U.S. securities firm Drexel

Burnham Lambert. Genstar, the rapidly growing West Coast group, has substan-tial container leasing operations in the U.S. and abroad.

in the U.S. and abroad.

The resources available to some of the conglomerates have begun to rival those of the big chartered banks. In an effort of dispel a widespread perception that the banks overshadow all other players in the financial markets, the Canadian bankers' association has pointed out that assets managed (though not those owned) by Trilon Financial, one of the Brontmans holding companies, exceed the domestic assets of the Royal Bank of Canada, the country's largest banking group.

Less concerned

Genstar, which bought control earlier this month of the largest trust company, Canada Trust, will create the sixth largest financial institution in Canada when it completes plans to merge Canada Trust with its 99 Der cent owned subcidios per cent ownen Canada Permanent. cent owned subsidiary,



panies, which has been linked to the property development activities of their owners.

According to a recent memorandum by Royal Bank of Canada, "these new institutions are essentially operating beyond any specific intent of Parliament and provincial beyond any specific intent of Parliament and provincial assemblies. There is a need to develop a new legislative and regulatory framework that can achieve appropriate regulation and supervision of these corporate structures and also provide a solid legal basis for other institutions to obtain the benefits that greater diversifibenefits that greater diversifi-cation allows."

Distribution

Further questions have been raised by the prospect of some tightly-held conglomerates strengthening the links between strengthening the links between their subsidiaries and affiliates, for example, by setting up common distribution networks where real estate agencies sell trust company mortgages, insurance salesmen market insurance salesmen market brokerage services, and so on. Interest in the conglomerates is chiefly focused on about half a dozen of the largest and fastest growing groups. They include:

of Canada General Insurance), Peter and Edward Bronf-man's interests mostly under the umbrella of Brascan. Once a Brazilian power utility, Brascan now owns 39 per cent of Trilon Financial. Trilon in turn holds 98 per cent of Jordan Villand and a leading trust company National Victoria and Grey. A smaller trust company in the group, Premier Trust, has been earmarked as a possible candi-date for conversion into a bank. 98 per cent of London Life Insurance, 49 per cent of Royal Trustco and 51 per cent of Royal Lepage (Canada's largest real estate services Mr Jackman is one of the most outspoken supporters of proposals such as those contained in the Government's Green Paper on financial instigroup). Another Bronfman company, Carena-Bancorp, has an interest of almost 20 per tutions, which would allow the formation of so-called Schedule C banks, controlled by conglo-merates through federally regulated financial holding The banks and other critics cent in Continental Bank, the of the financial conglomerates seventh largest chartered bank. say they are, less concerned. The stake must be reduced to at their size than at the potential for these the financial conform with the forest the first base of regulated companies. He remarked earlier this year that

at their size than at the potential for abuse by financial institutions which are not subject to the same ownership restrictions as, for example, banks and securities firms.

Several of the largest conscious of the largest constrolled by one owner or a small group of shareholders. Concern about such arrangements has grown since the collapse in 1983 of three Ontario trust com-

Belzbergs took a major step towards diversification earlier tage goes to Laurentian. "Lau- go, we will ju rentian," says Mr Marcellin unnecessarily." this year by acquiring the Connecticut consumer products manufacturer, Scovill. • The Quebec-based Lauren-tian Group has interests in all four pillars of the financial system. Its activities are out-lined in a separate article in

Success in Discovery

Granges has developed a reputation as one of the most successful mineral exploration entities in Canada in the past fifteen years... (Richardson Greenshields of Canada Limited, June 20, 1985.)

GRANGES

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Shared concern over foreign competition

Stock Exchanges BERNARD SIMON

THE traditional rivalry among Canada's three major stock exchanges appears to be giving way to a shared concern at competition for Canadian securities trading from foreign bourses and the expanding network of international electronic

trading systems.

Mr Pearce Bunting, President of the Toronto Stock Exchange, warned in his last circular to TSE members that "if the New York Stock Exchange becomes the prime market for Canada's major companies, even our largest brokers will end up playing second fiddle to their U.S. counterparts; most equity underwriting for Canadian companies will be done by foreign dealers; and many jobs in the Canadian investment industry will disappear."

The-struggle for business between Toronto, Montreal and Vancouver has been fierce in recent years. A youthful President at the Montreal exchange, Mr Pierre Lortie, pushed through a number of trading the same of the wake of last October's scare involving suspiciously large price declines in a number of the wake of last October's scare involving suspiciously large price declines in a number of the wake of last October's scare involving suspiciously large price declines in a number of the wake of last October's scare involving suspiciously argue involving suspiciously argue involving suspiciously and involving suspiciously argue involving of the Lago Stocks About 150 of the Lago Stocks About

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reforms which helped boost Montreal's share of trading values from little more than 10 per cent in 1980 to almost 18 per cent last August. The big gold discovery at Hemlo in western Ontario encouraged the TSE to begin relaxing its list-

values from little more than 10 per cent in 1980 to almost 18 per cent last August. The big gold discovery at Hemlo in western Ontario encouraged the TSE to begin relaxing its listing requirements for junior resource companies, the preserve in the past of the Vancouver Stock Exchange.

For its part, Vancouver has attracted a higher proportion of industrial companies since its listing requirements were tightened earlier this year in the wake of last October's scare involving suspiciously large price declines in a number of junior resource companies. About 150 of the 1,800 stocks listed on the VSE are now classed as some form of "high tech" company.

Mr Bunting says that the TSE's highest priority is not to win back market share from Montreal but "how we can capture international trading in Canadian securities."

One body of opinion suggests that the three markets should each specialise in a different area: Toronto in "investment grade" companies, Montreal in options and Vancouver in more programment of the progr speculative venture companies,

to six stocks listed on both markets — Asamera, Canadian Marconi, Echo Bay Mines, Gulf Canada, Husky Oil and Imperial Oil. The advantage is that orders on one floor can be filled either there or on the other, depending on price and avail-ability of shares. A similar con-nection between the TSE and the Midwest exchange in Chicago is also in the pipeline.

Myes are afoot to standarding sees the links as an important step in encourage ing investors to trade on the three exchanges, such as filing requirements and rules for its leave before the first time in Montreal securities administrators met for the first time in Montreal earlier this month.

Toronto is due to take a large step forward in efforts to when it sets up a two-way else when it sets up a two-way else trading blak white for the American partners is the trading blak white for the American partners is the rading blak white for the Montreal and sundered to the trading blak white for the Montreal on Lorent trading blak white for the Montreal method to be inaugurated in the last week of September, is the first before two tradings floors in different countries. (Montreal already has a connection with the accordance in the montreal already has a connection with the first here in the first here were the first here in the first here were trading floors in the first here were the first here were the first here in the first here were the first here were the first here were the first here were the first here in the first here were the Mr Bunting sees the links as

speed and economy has also turned out to be a stumbling block to the system's acceptance, especially by old-timers; because it by-passes the floor trader. Development of the system has thus turned out to be as much a political as a technical challenge.

Instruments.

By mid-1985, the exchange accounted for almost 80 per cent of Canadian option trading, including options on bonds, gold bullion, stock indices and, most recently, pounds sterling.

Among future innovations will be a European currency options technical challenge.

Attractions

most recently, pounds sterling.
Among future innovations will
be a European currency options
contract in co-operation with
the European Options Exchange
in Amsterdam, and a wood pulp

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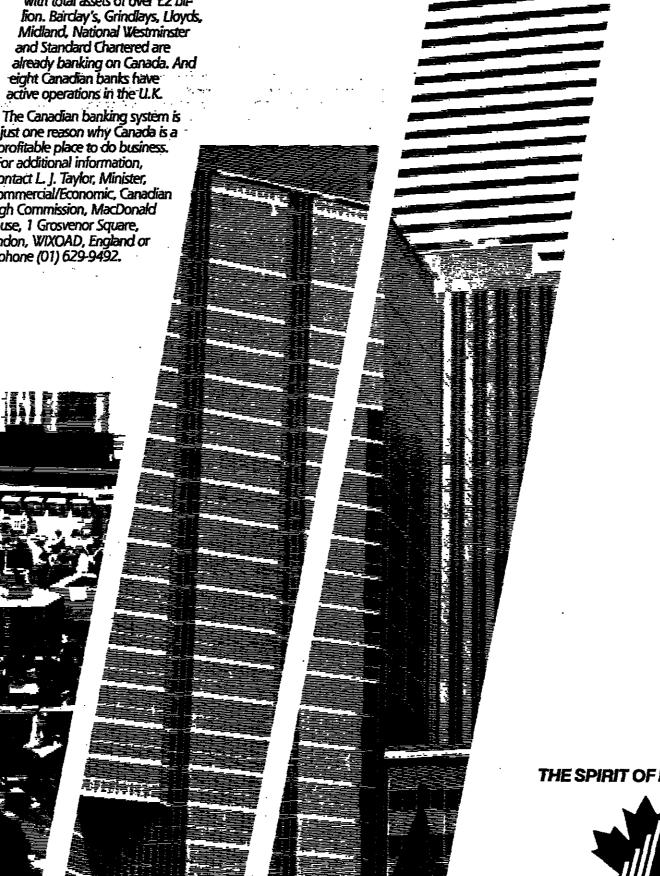
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THE SPIRIT OF ENTERPRISE



Worry over delay to reform timetable

insurance ROD McQUEEN

THE turmoil following the collapse of the Canadian Comnercial Bank, life assurers in Canada are worried that the Federal Government's timetable to deregulate financial services nay have drastically changed. Assurers have been pushing for the past two years for more modern legislation and wider powers. The Green Paper issued last spring seemed to offer just what they wanted.

Now, however, with bank losses that could reach \$15n, public and political attention has turned to solvency in the financial community. The wider issues may be delayed. "That is a concern of ours—that we lose pace," says Mr Earl Orser, president of London Life Insur-ance and chairman of the industry's task force on legislative

There is no question of the health of the assurance industry. "A strong and stable insurance business is ready and able to expand its services to the consumer," Mr Orser says, "once our legislation is modern-ized to enable us to do so."

Because the legislation governing life assurers has not been fully updated since 1932, some types of companies, notably stock companies with sharepand into other financial services. Mutual life insurers (owned by the policy holders) have not. The industry wants both types to have similar

At the same time, the industry knows it may have to accept tighter rules. "We are prepared to accept a more onerous regulatory framework to ensure that principles of security and safety are maintained," says Mr

In the past Canadians have responded to the life assurers' sales pitches. Canadians are the third-best assured nation in the world — after the Americans and the Japanese, and life assurance in Canada is an important export indus-try, selling some C\$50bn of life assurance outside Canada. a 117-member industry group, public eye and their concern Canada has 169 life assur"Their profits were generated at the front of the politicians' ance companies with C\$67bn in by business written 10 or 20 minds.

the property and casualty business with C\$16bn in assets.

The big ten life assurers account for about two-thirds of the total industry revenues. In the property and casualty busi-ness, about one-third of the companies account for 90 per cent of the business and about are foreign-owned. In all, both

Measured by assets, Sun Life Assurance of Canada, has traditionally been the largest life operating in the In 1985, however, Sun's C\$13bn in assets was sur-passed when The Manufac-turers Life Insurance bought The Dominion Life Assurance (legally they remain two separate companies), giving a combined asset value of C\$13.5bn. The fastest growing company is Crown Life Insurance with a 60 per cent growth rate since 1980 in individual life assurance sales.

Among general insurance companies, the market is more fragmented. The industry leader, Co-operators General Insurance has a mere five per cent market share and C\$441m in annual premium income; Royal Insurance Canada is second with C\$397m.

As an industry, the general insurance business in Canada is much smaller than of life

assurance.

Jack Lyndon, president of
the Insurance Bureau of
Canada, the property and
casualty trade association, says
that "all the property and
casualty companies together
couldn't take a crack at the big five life companies." The blurring of the four pillars of Canada's financial system has extended to the

insurance sector. Insurance companies, for instance, currently offer a type of term deposit instrument like the trust firms. After some initial sluggishness, the assurers are scrambling to catch up. "For more than a century, life insurance companies were able to take advantage of a built-in momentum," says Gerald Devlin, executive vice-president of the Canadian Life and Health Insurance Association (CLHIA),



years before. They lived very comfortably on the surplus created from business on the books. This has now changed

For decades, the assurance companies have been the quiet bankers. Through mortgages, they have financed more than 1m Canadian homes as well as 30 per cent of all the Canadian corporate bonds currently out-standing, 17 per cent of muni-cipal bonds, 7 per cent of pro-vincial bonds and 10 per cent of all Government of Canada

Until recently, the chief executive officers of insurance ble as their corporate assets. "The insurance company top guys in the last 20 years have not been the national figures that some of the bank chief executive officers have been," says Robert MacIntosh, president of the Canadian Bankers Association. "That's changing now."

What has also changed, how ever, is the relative size of assurers in Canadian financial markets. The largest assurer is only about one-seventh the size of the largest bank, The Royal Bank of Canada, measured by assets. After the Second World War, assets of each were about equal.

In 1970, life assurance com-panies had 29 per cent of the C345bu in total personal deposits of Canadians. By 1975, they had 22 per cent of C\$90bn; by 1982, only 16 per cent of C\$260bn. Mr Lane admits: "We've shrunk in importance." Life assurers want to exchange this shrinkage for growth by keeping their timetable in the

Optimism over deregulation fades

Trust Companies

WHEN THE Federal Covern-ment issued its Green Paper on financial industry deregulation this summer, the major trust companies pricked up their ears

Culminating several years of studies by Federal and Provincial bodies on Canada's "four pillars" financial system, the Green Paper appeared to favour the trust companies' case for greater powers to compete with the chartered banks, particu-larly in commercial lending.

The idea of schedule C banks, controlled by financial con-glomerates, presented an attrac-tive way of expanding their tive way of expanding their commercial lending in competition with A chartered banks and the B foreign-owned banks. Moreover, majority ownership of trust companies by private, family or non-financial groups would continue. Immediately, the trust com-

Profile: Gordon Capital

panies said that their commer- chequered, to say the least. cial lending limit (7 per cent of their assets on a strict basis) should be liberalised by amend-ing Federal trust and loan legis-lation without waiting for schedule C banks to become a

The Green Paper's implica-tion that the Federal Governwould exercise more control over the total financial industry, possibly through a body modelled on the U.S. Securities and Exchange Commission, did not worry them. Some of the optimism of the summer, however, quickly passed. Events in both the trust company and banking sectors have raised serious public concern about deregulation of the financial industry.

The Federal Government's promise that legislation stem-ming from the Green Paper would be ready by the year-end now seems wildly improbable. While the spotlight now is on the failure of two western Canada banks and the role played by the major chartered hanks the record of the trust companies in Canada over the past five years has been

The trust companies manage more than C\$100bn of other people's money and are subject to Federal or provincial super-vision. The public has witnessed the failure of many smaller trust companies, often due to mismanagement, and there bave mismanagement, and there have been major battles for control of large companies involving family dynasties, and also the Crown Trust real estate scandal in Ontario. The battles for control of two major firms have naturally angered the banks, with their limit of 10 per cent ownership for any single

an issue to be lightly First, the Peter and Edward Bronfman interests and the Reichmann family, both of Toronto, won a noisy battle against Mr Robert Campeau for control of the country's largest trust firm, Royal Trustco.

cent ownership for any single

investor or group. But owner-ship concentration of trusts is

Next, Genstar, a financial services, real estate and building materials conglomerate, But entry into the trust partly-owned by Belgian industry remained wide open, interests, took Canada Permanwith minimal capital required, ent Trust from the clutches of in contrast to banking.

control of Canada Trustco, the country's second largest trust company, for well over C\$1bn. Both trust firms will be merged. Yet only a few years ago, Genstar moved its corporate headquarters out of Canada to San Francisco, saying that growth opportunities were limited in Canada.

Until the late 1970s Canada's four pillars, the banks, the trust companies, the insurance firms and the investment dealers, kept their core activities distinct with some minor overlapping in services. The Bank Act was updated regu-larly, but Federal and provincial trust and loan company legislation was getting more and more outdated and behind actual operating conditions. Already there were anomalies, such as Power Corporation of Canada's controlling ownership of Montreal Trust, Great-West Life and Investors Group, with some blurring of activities.

the Belzberg family of Van- Increasingly the big trust couver, and this summer bought companies began operating like chartered banks, moving away chartered banks, moving away from traditional mortgage and estates business, competing aggressively for deposits, some commercial lending and cor-porate services, and lending to governments and their agencies.

The crises, the takeover battles, two bank failures and the strains on the deposit insurance system have shaken public complacency and may bring a new focus on such buzzwords as deregulation. deregulation, self-regulation, financial supermarkets and onestop shopping.

Federal jurisdiction over the trust company sector, as well as insurance companies and investment dealers, is highly ambiguous and some have seen in the Green Paper clear signs that the trend to deregulation may lead later to a backlash of may lead in the transfer of the could imply another battle between Ottawa and the provinces, particularly Quebec

In the short-term, trust com-panies will probably have to be content with liberalised commercial lending limits.

By Dunnery Best

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BY PETE

RASCL VI

A barracuda in the postbag

GORDON CAPITAL evokes called Daly Gordon) which pro-strong emotions in Toronto's voked an Ontario Securities as agent for Unicorp Canada in investment community. Widely acknowledged to be one of the country's most aggressive sec-urities firms, it is praised by its admirers for its innovation and flair, but rapped by its detractors as a buccaneer ready for almost anything in search

In the early summer of this year the firm stunned the investment industry by persuading Power Corp., controlled by a French-Canadian, Mr Paul Desmarais, to sell 11.4m shares

(worth C\$219m—about £120m) in Canadian Pacific for prompt resale. An establishment investment from Nesbitt Thomson Bongard, which has been doing business with Power since the early 1950s, was left stranded. Gordon repeated the perform-ance a month later by snapping up a 4.5m share block of Alberta Natural Gas (worth about C\$60m) while a trio of investment firms led by Merrill Lynch Canada were in the process of organising a bid. It was Gordon Capital (then

Commission (OSC) enquiry into foreign participation in the securities industry by propos- gas utility based in Ont ing a partnership with Bruxelles Talk of insider trading an Lambert, the Belgian group, unequal treatment of sharel The joint venture was intended ers abounded at the time. to concentrate upon institu-tional business, which up to now have been exempt from registration requirements. not yet known.

ment dealer hands over a cheque for the entire issue prior to its closing. The indus-try has had to follow Gordon's

the thick of several of the toughest Canadian acquisition fights for the past two years. But lately this taste for action that company's successful bid for Union Enterprises, a sleepy gas utility based in Ontario. Talk of insider trading and of unequal treatment of sharehold-

The Ontario Securities Commission was prompted to hold a brief hearing and subse-quently allowed Unicorp's offer to proceed. The Ontario Energy Gordon also claims-creum to.
the rise of the "bought deal,"
declined to change the outcome.
Then after an exhaustive investigation, the Ontario Securimid-September, contending that Gordon staff had "improperly divulged to certain of its clients initiative for fear of being left divulged to certain of its clients behind. But this is a risky business. Unless the pricing is just that the firm had participated right, a bought deal can prove in the market as a principal to the control of the in the market as a principal "when it had generally undisclosed information." On November 6 the OSC will convene a hearing to investigate the entire

The proceedings promised to Fina be fascinating for students of aided

Gordon Capital. Generally the firm operates under a cloak of secrecy. Employees are forbid-den on pain of dismissal to have any contact with the press.

Gordon has lost some friends on its climb to the top. The company's chairman, Mr James Connacher, 48, has at various times received a live piranha and a stuffed barracuda, sent by competitors to show what they Gordon is one of the largest

investment firms in Canada—with about C\$90m of shareholders' capital accumulated from a virtually standing start in 1970—though it has only 115 employees in its offices on the 54th floor of the Toronto Domi-nion Centre. The field's front runner Dominion Pitfield, with capital of C\$111m at end-1984, and second-ranked Wood Gundy, with about C\$104m of capital, both maintain an extensive and heavily staffed network of retail offices

Financings beyond the un-

Capital were managed with the help of a close relationship with Edper Investments, controlled by Mr Edward and Mr Peter Bronfman, a branch of the Seagram distilleries family.

More recently Gordon cemented a relationship with Gen-star, a real estate, building materials and financial services company with executives based in San Francisco and head-quarters in Vancouver.

Genstar paid C\$15m for 16 per cent of Gordon this year and the two companies have jointly created Gordon Invest-ment with initial funding of C\$100m.

Gordon Capital is plainly muscling up for the future.
One senior executive says:
"Ultimately this country will be opened wide to international competition, and you are going to have two or three firms with a couple of hundred million of capital each. We want to be one of the first."

With that sort of financial power. Gordon Capital will be intimidating indeed.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday September 27 1985



Montedison heads for L100bn profit in year

BY ALAN FRIEDMAN IN MILAN

MONTEDISON, the Italian chemicals, health care and energy group, is expected to make a 1985 full-year consolidated net profit of around L100bn (\$55.7m). Apart from a tiny 1979 profit, this would represent the first time the Milan-based company has some out of been 19 years. has come out of loss in 10 years. been putting the group through a Last year Montedison lost L83hn on radical reorganisation, selling off

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have made a small net profit in the first half of this year although it did not disclose this in its half-yearly statement published yesterday. Montedison's first-half operating profit of L721hn was 20 per cent vices, textiles and property. profit of L721hn was 20 per cent higher than the equivalent period of 1984. Total group revenues in the first six months of this year stood at 1882hr. a rice of 145 are stood at 1882hr. The rice of 1882hr.

of turnover, which is down from the cent higher. 6 per cent level a year before.

Montedison's indebtedness is believed to have risen to around IA.500hn in the first half of the IA.829hn of first-half turnover, encontrol and other delicate evaluations.

Sig Mario Schimberni, Montedis-on's chairman, has in recent years heen uniting the group through a a consolidated basis, which compared with a 1983 loss of L322bn and a 1982 deficit of L859bn.

The company is understood to radical reorganisation, sening in loss makers and simplifying product lines. These include petrochemicals, base chemicals, fertilisers, mammade fibres, pharmaceuti-

L6,629bn, a rise of 14.5 per cent ments were up by 18.4 per cent to stand and Ford Europe, Sig Agyear-on-year.

Debt servicing charges in the first half amounted to 5.2 per cent to L139bn and labour makers had completed the examicosts in the first half were 6.8 per nation of the industrial aspects of a

Montedison's biggest shareholder (with a 17.1 per cent stake), yestered in "a permanent presence" in Montedison through its Gemina

Sig Agnelli and other Gemina partners such as Pirelli and the Orlando metallurgy group were angered this summer by Montedison's takeover of the BI-Invest group.

Commenting on current negotia-tions for a joint venture between Fideal and had now turned to a discussion of "the possibilities of agreement on other difficult prob-

Pirelli to build high-tech park

BY OUR MILAN CORRESPONDENT

PIRELLI, Italy's leading tyre and the site, called the Bicocca plant. The city of Milan and Lombardy transform a 70-hectare factory site ently work at Bicocca.

convert the industrial area – funds would come from both the private and public sectors – could be as taully redeveloped.

ment and 500 to 600 will be found computer services, laboratories and high-technology service companies. Pirelli referred yesterday to simiand public sectors — could be as thally redeveloped.

Pirelli has invited 20 leading ar-

cables group, yesterday announced This will mean the movement of regional government are also to coplans for an ambitious project to 2,400 of the 5,900 people who presoperate in converting Bicocca into what Sig Leopoldo Pirelli, the group technology science park.

The total investment required to convert the industrial area – funds

Some 800 will be re-employed at a new tyre plant to be built nearby, lightechnology science park, with public and private research centres.

lar projects such as the Cambridge

Inland Steel omits dividend

By William Hall in New York

INLAND STEEL, the fourth biggest U.S. steel company, has passed its common stock divi-dend and forecast a \$50m thirdquarter loss as evidence mounts that the problems of the U.S. steel industry are far from over.

The news that the company was emitting its 12% cents quarterly dividend came the day after moves to raise steel prices by the company leading U.S. steelmakers, several leading U.S. steelmakers, including Inland Steel. Inland, which has lost money for the last three-and-a-half years, said that it had passed its dividend be-cause of the anticipated large loss in the third quarter.

1985, says that the third-quarter loss was related to current weak market conditions "reflecting continued high levels of imports and lower price realisations.

need to preserve liquidity at a time when modernisation and new facility investments are being made at its Joseph T. Byer-son & Son subsidiary and inte-grated steel segment, were the reason for omitting the dividend.

fourth-quarter performance to be "improved" as the company benefits from cost-reduction programmes, progress in quality in-itiatives and continued strong re-sults at Joseph T. Ryerson. However, the company says that, "unless we see a big imparound in pricing and imports, it would be difficult to be profitable."

Inland Steel's shares fell \$% to owned by the state, has significant-\$22% in early trading yesterday. ly improved its profits despite the tough monetary policy that is cur-rently being pursued by the Swed-

Grundig plans chain of retail computer outlets

BY JOHN DAVIES IN FRANKFURT

It expects to help independent franchise holders to open about 50 of the shops in West German cities during the next three years.

Grundig its embarking on this scheme through a new company to be formed jointly with Philips Kom-munikations Industrie (PKI) from the beginning of next year. Each will have a 50 per cent stake in the company, but Grundig will have operational control. The company, to be based in Munich, has yet to be

PKI is 70 per cent-owned by Philips, the Dutch consumer electronics group, which has moved into per-sonal and home computers. Philips also took over management control of Grundig 18 months ago as part of a complex arrangement under which Dr Max Grundig, the foun-der, agreed to sell a majority stake to Philips and a consortium of banks.

Grundig views the computer shop development as relatively modest but its participation also recognises that computers may one day take their place in homes along with television sets and videorecorders. Mr Hermanus Koning, chief executive of Grundig, said the shops would offer personal computers

operating result by 19 per cent to SKr 960m (\$118m) in the first eight

The bank, which is 85 per cent

By contrast, S-E Banken, the

country's biggest bank, whose profits stagnated in the first eight months, warned earlier this week

NEW ISSUE

ish central bank.

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM PKBANKEN, Sweden's third large that earnings for the full year est commercial bank, increased its would fall below the 1984 level be-

GRUNDIG, the West German con-sumer electronics group, is to orga-nise the development of a chain of "market leader," although he did been debate in the consumer elec-tronics trade about whether com-market leader," although he did puters should find shelf space not specify IBM or any other pro-ducer by name. The shops would ourselves for the time when personnot offer any computer under a Grundig label, he added. Philips observers in West Geral computers have a firm place in

many indicated that the group regarded these computer shops as a further outlet for its personal computers. Grundig has not confirmed this, but such reticence tallies with its desire for an independent image. Mr Koning said that about DM 25m (\$9.3m) would be invested in the project in the next three years. Some of this would be met by the franchise holders and the rest shared by Grundig and PKI. He thought the computer shops could build up annual sales revenue to between DM 30m and DM 35m in

company would buy personal computers and software for the shops. Franchise holders would receive assistance financially and in other

After three years Grundig will also offer its largest consumer elecsell personal computers, with the nearest computer shop supporting them with software and instruction

for customers. sition to resu Mr Koning said there had long in the future.

cause of the big increases in inter-

PKbanken said yesterday that the favourable development

achieved so far this year would also

be reflected in the group's year-end

erating result in the first eight months by 19 per cent to SKr 826m.

Interest earnings improved by 6 per cent while commissions and other

earnings jumped by 23 per cent.

The parent bank increased its op-

est rates earlier this year.

tronics trade about whether com-puters should find shelf space alongside TV sets and video recorders. "We have decided to prepare

mes and with self-employed people." he said. Mr Koning confirmed that Grundig hoped to return to profitability by the end of 1986. The company is ning to reduce its loss to about DM 80m in the current financial year, ending March 31 next year. It made a loss of DM 286m in 1983-84, but reduced the deficit to DM 185m

in 1984-85 after Philips took over. Mr Koning said that the company was pressing ahead with plans to reduce its workforce to about 18,000 by the end of 1986. Grundig's labour force has been steadily falling from a peak of 38,500 in 1979.

He said that Grundig had reduced its warehouse stocks of video recorders of the V-2000 model to under 100,000, less than half the level at the time Philips took over the management. Grundig suspended production of V-2000 last year to whittle down stocks. It has now switched production to video recorders of the Japanese developed VHS system, although Mr Koning said that the company was in a position to resume V-2000 production

time to buy shares.

in the Euromarkets.

PKbanken ahead at eight months East Asiatic

EAST ASIATIC Company of Denmark said that net profits this year would be slightly down on last year's DKr 151m (\$15.3m) as the result of losses incurred on the sale of five ships. The sales will, however. lead to an improvement in 1986

plications closes next Tuesday. half-year interim report.

Pirelli reached agreement with chitects from around the world to trade unions earlier this year on the submit proposals by February 28 key in California and the Massachutermination of its tyre production at French split over credit rating agency

BY DAYLD MARSH IN PARIS

__ency to assess the risk asated with companies tapping emerican for funds. Officials said would be asked to play a

The French Banks Association, which has been working closely with the Finance Ministry on initiatives to deregulate parts of the French financial market, has, how-

Generous terms for

pediment to drawing up an accurate ment of risk, a spokesman

The commercial paper suggestion welter of deregulation initiatives this year by M Pierre Bérégovoy, the Finance Minister.

The first issues of commercial paper are expected to be made before

A SPLIT has developed between ever, made clear its scepticism. The the end of the year. Finance Minis-mortgage bonds is also to make its A SPLIT has developed between the French Government and banks over plans to set up a credit rating agency next year to vet the financial health of companies.

The Finance Ministry, which is pushing forward plans for a commercial paper market in France, yestor v launched the idea of a small entering the second of the year of the year. Finance Ministry officials, scotching speculation debut before the end of the year. Finance Ministry officials, scotching speculation debut before the end of the year officials, scotching speculation debut before the end of the year officials, scotching speculation debut before the end of the year officials, scotching speculation debut before the end of the year. Finance Ministry officials, scotching speculation involved in the rapid establishment which a specific volume of the using finance. A total of Ffrom the bond market, say that issues are likely to total only the agency, the Caisse de the idea of a specific volume of the using finance. A total of Ffrom the problems involved in the rapid establishment withdraw significant volumes of the using finance. A total of Ffrom the problems involved in the rapid establishment withdraw significant volumes of the using finance. A total of Ffrom the problems involved in the rapid establishment withdraw significant volumes of the using finance. A total of Ffrom the problems involved in the rapid establishment withdraw significant volumes of the using finance. A total of Ffrom the problems involved in the rapid establishment with the new instruments could debut before the end of the year. Finance Ministry of finance Ministry of the problems involved in the rapid establishment with the new instruments could debut before the end of the year. Finance Ministry of financ

tions coming from Paris, the start of a planned futures market for treasurers believe that fuller dere-bonds will be delayed until nearer gulation of French financial marthe end of the year. It was origihas been put forward as part of a naily planned to open next month but has been delayed mainly because of problems in working out. Government was highly unlikely to

tion system. An agency issuing long-term elections next March.

kets is being delayed by the strict exchange controls still in place. Officials confirmed yesterday that the computer procedures for the quota- carry out any further easing of ex-

Société Générale in Strauss stake talks

CBS note facility

BARCLAYS Merchant Bank yesterday launched its long-awaited ity for CBS, the U.S. broadcasting as tight as had been feared, some and entertainment concern, on still expect leading U.S. banks to terms that were more generous keep away from the deal on the than the market had expected. The deal carries a fine 7 basis-

point annual facility fee for underwriters, but a maximum yield of 18% basis points has been set on

This starts at 2 hass points for drawings of up to \$50m and rises in it is arranging a programme stages to 8 basis points for draw-through Citicorp and Enskilds Sestages to 8 basis points for drawings of \$150m to \$200m.

BY PETER MONTAGNON IN LONDON CLAYS Merchant Bank yester—Bankers said they would be launched its long-awaited watching the reaction of U.S. banks to these terms. Though they are not grounds that Barclays has snatched a piece of prize U.S. corporate finance business from their grasp.

The deal also carries a \$100m swing line option allowing immedi-

by taking a stake in Strauss Turn-

Strauss but is keen to expand its in-ternational dealing in stocks and Société Générale's London merternational dealing in stocks and

short-term notes offered under the facility. This is higher than previously anticipated.

In addition underwriting banks will receive a utilisation fee if notes fail to sell at the maximum yield. This starts at 2 basis points for the facility of the fact that the facility of the fact that the fa

It was not clear how Société Génper cent of Strauss Turnbull, Mr

chant banking subsidiary is also

SOCIÉTÉ GÉNÉRALE, the large

French bank, may strengthen its in-ternational capital market activities of Hambros Bank, which owns 29.9 bull, the London-based broking and Eurobond-dealing firm.

The bank already has a London-based securities joint venture with Société Générale, but they were far

It is arranging a programme by Société Générale and Strauss through Citicorp and Enskilda Se and is, according to M Mayoux, curities for an amount yet to be set. "highly profitable."

Chrysler deal comes with all the options

BY MAGGIE URRY IN LONDON

five year issue led by Banque Pari-bas. The deal gives investors the right to ask for redemption after two, three and four years at rising

The bonds carry a 9% per cent coupon and are issued at 100%. Investors can exercise the put option. at 99% after two years, 99% after three and 99% after four. Thus they must initially take a two-year view but can then reassess the bonds each year. If investors stay to the end, Chrysler will have obtained

Chrysler has not proved a popular credit with investors, though it has been improving; hence the data brief and uncomforded a brief and uncomforded in April, was reduced a structure which gives a yield of around one point above U.S. opened by Bridgestone, the Japan market the previous day. No new is side is somewhat depleted as a reduced in the province of the improvement in the New York opened by Bridgestone, the Japan market the previous day. No new is side is somewhat depleted as a reduced in the province of the improvement in the New York opened by Bridgestone, the Japan market the previous day. No new is side is somewhat depleted as a reduced in the province of the improvement in the New York opened by Bridgestone, the Japan market the previous day. No new is side is somewhat depleted as a reduced in the province of the improvement in the New York opened by Bridgestone, the Japan market the previous day. Treasury bonds on the two-year

CHRYSLER offered the Eurodollar assess the deal yesterday, and it bond market a new structure to figure out yesterday with a \$150m, the 1% per cent fees.

assess the deal yesterday, and it indicated a 2% per cent coupon. be published. Dealers are looking for a DM 1bn to DM 2bn total. The World Bank launched a NKr the 1% per cent fees.

Otherwise the Eurodollar sector was quiet, and in the secondary market prices gave up early gains to finish little changed when the New York market opened weaker. The European currency unit con-

vertible issue for CIR International. the Italian industrial holding company, was increased from Ecu 75m to Ecu 85m yesterday. Lead manager Credit Suisse First Boston cut the coupon from the indicated 5 to 5% per cent to 4% per cent and set the conversion premium at 4% per cent. The bonds continued to trade

just above the par issue price. The Euroyen convertible market, nese tyre manufacturer, with a sues were launched, but today the sult, but Pru-Bache stresses that it size of the calendar for October will is still in business

deals are performing badly. An issue in New Zealand dollars is expected for 3M, the U.S. diversified County Bank is building up its

A slightly firmer tone was felt in the Swiss franc foreign bond market yesterday. The SwFr 275m issue for R. J. Reynolds traded for the first time yesterday and closed at 99% - its issue price - an even better showing then the showing the expected. The 15-year deal has a 5% hired from the London, New York per cent coupon

In the D-Mark market prices

250m deal led by Bergen Bank. This No new Australian dollar issues has a 18-yeer life and a 9% per cent were launched; some of the recent coupon. It will be priced on Monday capital markets trading oper

and Hong Kong branches. The other two were formerly with differ-

All these securities having been sold, this announcement appears as a matter of record only

September 1985

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Cartel veto on travel merger

By Rupert Cornwell in Bonn

THE FEDERAL Cartel Office in Berlin yesterday vetoed the pro-posed merger of the travel divisions of Karstadt and Kaufhof, the two largest West German store groups.

The decision hardly comes as a

surprise given the adverse signals sent out in past months by the office. None the less, it is a setback for the two concerns' efforts to flat domestic consumer market.

The cartel authorities cited restrictions on the choice open to cus-tomers and the potential threat to smaller regional travel agencies as the principal reasons for their rul-ing. It could, in turn, spark off further rationalisation measures

Earlier this year, Herr Walter Deuss, Karstadt's chief executive, warned of economy measures to boost the profitability of NUR Touristic, its travel offshoot, whose revenues dropped 1.9 per cent to DM 1.13bn (\$421m) in 1984. Its in-tended partner, ITS, a subsidiary of Kauthof, fared better, with an improvement in turnover of 4.2 per cent last year. Even so, both Karstadt and Kauf-

hof argued that a merger was required to enable both to compete more effectively with Touristik Union International,

warning

lower than in the corresponding pe riod of 1984, and the bank's financing has been greatly improved by last year's share issue when private investors were allowed for the first PKbanken's Luxembourg subsid-

iary has enjoyed a successful year First-half group sales increase by about 12 per cent from DKr 8.25bn to DKr 9.24bn. Gross operat-• The big UK banks have ruled out plans to apply for licences to estab-lish subsidiaries in Sweden, when ing profit increased from DKr 1.80bn to DKr 2.09bn, according to a the deadline in the first round of ap-

Progress in

USG, the U.S. building materials and industrial products group formerly known as U.S. Gypsum, is making progress in settling the asbestos claims it faces along with other big companies in the sector.

Mr. Robert Day, chalrman

panies in the sector.

Mr Robert Day, chairman and chief executive, expressed confidence yesterday that the recently announced joint effort by building materials companies and insurers to settled the claims would bring speedier settlements and reduce legal costs.

USG has disposed of half of the 6,000 injury claims it faces, and the rest will be

faces, and the rest will be included in the new Welling-

included in the new Weitington Agreement scheme.
However, the 99 property claims against the company, deriving from cellings in schools, are still being handled individually, and only three have been settled. But Mr Day said he expected an agency would be set up to speed settlement.

In comparison with other companies embroiled in asbestesis litigation. USG's

involvement is minor. It never mined or produced

ashestos, and its sole product containing asbestos has been

The company changed its name and formed a holding company on January 1 to reflect the fact that less than

half of its annual sales are now in gypsum products. Last year USG broadened its position in the building

materials market with \$381m acquisition of Masonite, the

U.S. hardboard products maker Mr Day said further acquisitious are being con-

sidered, within USG's present

The company reported earnings of \$186.5m last year.

and Wall Street is expecting another record in 1985.

settlement.

discontinued.

asbestosis

claims

at USG

By Andrew Baxter

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitu an offer of, or invitation to the public to subscribe for or to purchase, any securities.

HYDRO-QUÉBEC

(An agent of the Crown in right of Province de Québec)

¥ 25,000,000,000

8 per cent. Dual Currency Yen/U.S. Dollar Debentures, Series GB, Due 17th July, 1995

ditionally guaranteed as to payment of principal and interest by

PROVINCE DE QUÉBEC

Issue Price 101 per cent.

The following have agreed to subscribe or procure subscribers for the Debentures:

Yamaichi International (Europe) Limited

Morgan Guaranty Ltd

Algemene Bank Nederland N.V.

Citicorp Investment Bank Limited

Daiwa Europe Limited

S. G. Warburg & Co. Ltd.

Merrill Lynch International & Co.

Mitsubishi Trust & Banking Corporation (Europe) S.A.

The Nikko Securities Co., (Europe) Ltd.

Nippon Credit International (Hong Kong) Limited

Yasuda Trust Europe Limited

Application has been made for the Debentures, in bearer form in the denomination of ¥ 1,000,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Debenture. Interest will be payable annually in arrears on 17th July in each year from and including 17th October, 1985. The first interest payment will be

Particulars of the Debentures and the Issuer are available in the statistical services of Extel Statistical Services Limited. Copies of the listing particulars relating to the Debentures may be obtained in the form of an Extel Card during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London, EC2P 2BT, up to and including 1st October, 1985 or during usual business hours on any meekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 11th October, 1985:—

1 Finsbury Avenue, London EC2M 2PA

27th September, 1985

Bankers Trust Company, Dashwood House, 69 Old Broad Street, London EC2P 2EE

Phillips & Drew, 120 Moorgate, London EC2M 6XP

Credit Suisse First Boston Limited

Mitsui Trust Bank (Europe) S.A.

Crédit Lyonnais

Wood Gundy Inc.

IBJ International Limited

Bank of Tokyo International Limited

Mitsubishi Finance International Limited



Ente Nazionale per l'Energia Elettrica U.S.\$300,000,000

Floating Rate Notes Due 2005 Unconditionally guaranteed as to payment of principal and interest by

The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8.24% for the Interest Determination Period 27th September, 1985 to 28th October, 1985. Interest accrued for this Determination Period and payable in November, 1985 will amount to U.S.\$70.96 per U.S.\$10,000 Note and U.S.\$1,773.89 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York U.S. \$100,000,000



Red Nacional de los Ferrocarriles Españoles

Guaranteed Floating Rate Notes Due 1991 Irrevocably and unconditionally guaranteed by

The Kingdom of Spain

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 27th September, 1985 to 27th March, 1986 the Notes will carry an Interest Rate of 847% per annum. The interest amount payable on the relevant Interest Payment Date which will be 27th March, 1986 is U.S. \$215.25 for each Note of U.S. \$5,000.

Credit Suisse First Boston Limited Agent Bank

U.S. \$150,000,000

Chemical New York N.V.

Guaranteed Floating Rate Subordinated Notes Due 1994

Guaranteed on a subordinated basis as to payment of principal and interest by

Chemical New York Corporation

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 27th September. 1985 to 27th December, 1985 the Notes will carry an Interest Rate of 8&% per annum. The interest amount payable on the relevant Interest Payment Date which will be 27th December, 1985 is U.S. \$210.12 for each Note of U.S. \$10,000.

Credit Suisse First Boston Limited

U.S. \$75,000,000



Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

(Incorporated in the Republic of Austria with limited Rability)

Floating Rate Subordinated Notes Due 1991

In accordance with the provisions of the Notes, notice is bereby given that for the three month Interest Period from 27th September, 1985 to 27th December, 1985 the Notes will carry an Interest Rate of 8%% per annum. The interest amount payable on the relevant Interest Payment Date which will be 27th December, 1985 is U.S. \$21.17 for each Note of U.S. \$1,000.

> Credit Suisse First Boston Limited Agent Bank

Banco Nacional do Desenvolvimento **Economico**

U.S. \$50,000,000 Floating Rate Notes 1989

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the three months from 27th September, 1985 to 27th December, 1985 the Notes will carry an interest rate of 8%% per annum. On 27th December, 1985 interest of U.S.\$21.17 will be due per U.S.\$1,000 Note and U.S.\$211.70 due per U.S.\$10,000 Note for Coupon No. 26.

European Banking Company Limited



The Ministry of Finance of The Kingdom of Thailand U.S.\$85,000,000

Floating Rate Capital Notes due 2000 In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the first three months of the Interest Period ending on 27th March 1986 has been fixed at 8 % % per snnum. The interest accruing for such three-month period will be U.S.\$5253.04 in respect of the U.S.\$250,000 denomination and will be payable, together with the interest for the remaining three months of the said Interest Period on 27th March 1986, against surrender of Coupon No. 4.

surrender of Coupon No. 4.

27th September 1985 Reference Agent

Trans Freight turnround helps double TNT profits

THOMAS NATIONWIDE Transport, (TNT), the Australian provement" on last year's compared with A\$12.24m, provement A\$14.5m losses.

group, more than doubled net Pre-tax earnings were ciares' bills.

based forwarding and transport group, more than doubled net earnings from A\$30.22m to A\$10.157m, compared with A\$10.157m, against A\$37.74m as included A\$58.17m against A\$37.74m as its equity entitlement to the profits of associate companies, mainly Ansett and McIlwraith McEacharn.

Removing the equity amounts after a stronger operating perion associate dividend income of A\$2.85m against A\$1.84m.

A 101.57m, compared with A\$10.157m, compared with A\$10.15m, compared with A\$10.15m, compared with A\$10.15m, compared with A\$10.15m, compared with Trans Freight Lines, its transatlantic shipping group, was the major factor while U.S. road freight was in profit overall, after the lossmaking Pilot of ASZSSIM against ASSSIM against ASSSIM and ASTS and against ASSSIM against ASSS

Pioneer Concrete shows growth

PIONEER CONCRETE Services, the Australian building products foreshadowed a possible sale of company, reveals net earnings of A\$105m (U.S.\$75m) for its extensive offshore activity there were losses after interest because of last week's moves to impose the Australian tax rate of foreshadowed into the UK, though there were losses after interest charges.

Spain recorded a loss, German profits were restored, Hong 1987.

Un to 25 per cent of Pioneer's chairman. formed strongly. Trading profits were recorded in the UK, though there were losses after interest charges.

Spain recorded a loss, German profits were restored, Hong 1987.

Earnings for the second six months were up 42 per cent to A\$58m as volumes picked up and unprofitable divisions were turned round and as its 80 per turned round and as its 80 per cent offshoot benefited from higher volumes and better margins.

Meanwhile, Sir Tristan 1987.

Up to 25 per cent of Pioneer's Kong increased its profits, Israel was satisfactory, and U.S. acquisitions consolidated its profits was struck on an 8.3 per cent rise in sales to 6.25 cents takes the total dividend from 11.25 cents to 12.5 cents a share.

A\$125m rights issue at IEL

one-for-three rights issue.

The issue came with the Cleveland retailer.

The rights issue announcement of a near IEL recently took control of A\$3 a share-

INDUSTRIAL EQUITY (IEL), IEL well-placed for major rise to A\$1.07bn, helped by the Australian takeover specialist, controlled by Mr Ron chief executive, said some of the group's newer subsidiaries, realized to the money would be directed to subsidiary and associate comparkets, has called on share markets, has called on share holders for an additional Kong-listed Industrial Equity A\$26m to A\$50.3m, as a result of increased investments and takeover last year of Highee. a

The issue came with the announcement of a near doubling of net earnings from A\$26.3m to a record A\$51.1m in its June 30 year.

Along with unused credit facilities of about A\$450m, the additional equity funds leave

Cleveland retailer.

The rights issue is pitched at A\$3 a share—A\$4.20 below market—and will be followed the UK and has a range of substantial equity involvements in the UK and U.S.

The rights issue is pitched at A\$3 a share—A\$4.20 below market—and will be followed to by a one-for-two scrip issue. The company said the 10 cents a share annual dividend would be maintained on increased came on a 73 per cent turnover capital.

Slowdown in building hits **UAC** results

By Wong Sulong in Kuala Lumpur

THE SLOWDOWN in public construction and private sector building in Malaysia has adversely affected UAC, formerly United Asbestos Cement. which reveals that pre-tax pro-fits for the year ended June, fell by 36 per cent to 12.3m ringgit (U.S.\$5m).

Turnover declined by 15 per cent to 80m ringgit.
UAC, which is a major supplier of asbestos pipes, and building materials, is paying a final dividend of 12.5 cents a share, which lowers the year's total from 28 cents to 25 cents Malaysia), the planta-

tion group, saw net group earnings plummet to 4.2m ringgits in the six months ended June, down 63.3 per cent from the previous year's corresponding 11.5m ringgits. Group turnover slumped to 35m ringgits, down 48.2 per cent from 67.5m ring-gits, AP-DJ reports from Kuala

Kulim said oil palm fruit yields fell 26 per cent in the first half because of 1983's "severe drought conditions."
Palm oil production fell 26.7 per cent to 16,197 metric tons, and selling prices for palm oil declined 18.2 per cent to 1,281 ringgits per metric ton.

Eurobond houses pact on non-commercial clauses

THE INTERNATIONAL Primthese items when the invitations ary Market Association, which go out, so that comanagers have represents the 45 principal the necessary information to Eurobond Issuing houses, has make a decision. If there are published a recommendation to material changes to the terms Eurobond issues.
These cover such matters as

the ratings of the bonds, restric-tions on selling them, clauses in the documents dealing in tions on selling them, clauses in and documentation committee, the documents dealing with negative pledges and cross defaults, and taxation.

They are

defaults, and taxation.

These terms can make a material difference to the value October 15 this year, although of bonds. Yet co-managers often do not know, for instance, whether a bond will have a cross default clause until after they have accepted an invitation to join the syndicate.

Telexes setting out details are the Eurobond market, though usually sent the day after an lead managers would have to lead the lead managers would have to lead the lead managers would have to lead the lead to lead the lead to lead to

its members on early disclosure in the invitation telex sub-of the non-commercial terms of sequently, co-managers could reverse their decision

usually sent the day after an lead managers would have to issue is launched.

agree these non-commercial The recommendation is that terms with borrowers earlier in lead managers should disclose the process.

Neptune Orient Lines dip

NEPTUNE ORIENT LINES, the Singapore shipping company, has reported group net profits of \$\$1.1m (U.S.\$509,000) for the sults for the second half would sults for the second half would be "less favourable" because of 75.2 per cent from \$\$4.6m a year earlier, AP-DJ reports from Singapore.

The company did not declare an interim dividend. from Singapore. The company did r Turnover, which included an interim dividend.

Dinar bonds to be listed in Kuwait

line of business.

KUWAIT-The Kuwait Stock Exchange is to introduce bond trading for the first time next Sunday, Mr Khaled al-Khorafi, the director-general has an-nounced here.

The exchange has selected bonds issued by 21 Kuwaiti and six foreign companies for listing. Full details will be announced soon. The Kuwaiti dinar-denominated bonds will be open to trading by both residents and non-residents. Kuwaiti dinar honds have

proved popular internationally in the past, and have been listed on European stock exchanges. Although unly Kuwaiti dinar-denominated securities will be traded at the start, other bonds and invesiment instruments are to be introduced later.

Kuwait Investment Co., Kuwait Foreign Trading, Contracting Investments Co., and Kuwait International Investment Co. have been approved as market makers.

Banco di Roma US\$ 150,000,000

Floating Rate Depositary
Receipts due 1992
Notice is hereby given that the
Rate of Interest relating to the
above issue has been fixed ar 8.10 per cent for the period 27th September, 1985 to 28th October, 1985. Interest payable October, 1985. Interest payable on 28 October, 1985 will amount to US\$69.75 per US\$10,000 Deposit and US\$1,743.75 per US\$250,000 Deposit.

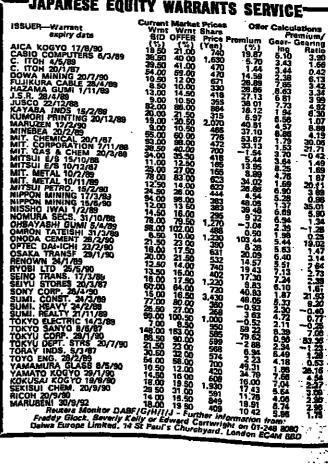
Agent Bank:

Morgan Guaranty Trust Company of New York
London

BASE LENDING RATES

A.B.N. Bank 113%	■ Hambros Bank 113%
Allied Dunbar & Co 111%	Heritable & Gen. Trust 1119
Allied Irish Bank 111%	■ Hill Samuel
American Express Bk. 114%	C. Hoare & Co 11102
Henry Ansbacher 113%	Hongkong & Shanghai 1119
Amro Bank 11196	Johnson Matthey Birrs, 1340
Associates Cap. Corp 12 %	Knowsley & Co. Ltd 12 %
Banco de Bilbao 1119	Liovds Bank 1110
Bank Hapoalim 11195	Edward Manson & Co. 1210
BCCI 114%	Meghraj & Sons Ltd 1119
Bank of Ireland 11195	Midland Bank 1119
Bank of Cyprus 1110	■ Morgan Grenfell 1149
Bank of India 1119%	Mount Credit Corp. Ltd. 1149
Bank of Scotland 1119	National Bk. of Kuwait 1149
Banque Belge Ltd 114%	National Giro Bank 1119
Barclays Bank 114%	National Westminster 1119
Beneficial Trust Ltd 121 c.	Northern Bank Ltd 1149
Brit. Bank of Mid. East 111%	Norwich Gen. Trust 1119
Brown Shipley 111%	People's Trust 1219
CL Bank Nederland 112%	PK Finans Intl. (UK) 12 9
Canada Permanent 1119	Provincial Trust Ltd 1219
Cayzer Ltd	R. Raphael & Sons 1139
Cedar Holdings 12 %	Roxburghe Guarantee 12 9
Octor mountaines stranges TE M.	Royal Bank of Scotland 1119
Charterhouse Japhet., 111%	Royal Trust Co. Canada 1149
Choulartons** Citibank NA	J. Henry Schroder Wags 1119
Citibank NA 111%	Standard Chartered 1119
Citibank Savings 7121%	TCB 1119
City Merchants Bank 111%	Trustee Savings Bank 1149
Clydesdale Bank 111%	Linited Rank of Kimenit 1110
C. E. Coates & Co. Ltd. 12 %	United Mizrahi Bank 1119
Comm Rk N Fact 1110	Tillian Minimum Mana., 2177

DAIWA EUROPE LIMITED -JAPANESE EQUITY WARRANTS SERVICE:



Manufacturers Hanover Limited

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Merchant banking is a success story that only one bank could write:

Bankers Trust.

Montgomery Securities, As we have stated in numerous written reports in the post Bonkers Trust has emerged as one of the best monaged money center institutions. Bonkers Trust is on organizotion very much in control of Results for the thre

> mong the big banks, its number one slot in profit ability Over the past several years, Bankers has changed its vears, pankers has enanged to strategy dropping full service op-erations to specialize in serving big commercial bottowers. The Success is remarkable fust for

Forbes, January 14, 1985

Other U.S. banks might have seen and seized the opportunities of merchant banking. But only one bank did: Bankers Trust.

As we conceive it, merchant banking is a blend of commercial and investment banking with enormous potential for us and for our clients. It combines the lending capabilities and breadth of noncredit services of a commercial bank with the intermediary skills and entrepreneurial spirit of an investment bank.

Today, Bankers Trust stands alone as a worldwide merchant bank. The success of our efforts has been widely reported in the financial press. And by other financial institutions. Some of those reports are reprinted here.

That success can also be measured by our increasingly powerful presence in some of the most competitive areas of banking. Some examples: Leveraged leasing. For two straight years, we have arranged more leveraged leases than any other financial institution.

Swaps. Last year, our team of swaps specialists in New York, London and Tokyo completed more than 350 interest rate and currency swaps with counterparties in 27 countries.

Private placements. In 1984, Bankers Trust completed over \$2.2 billion of corporate private placements, master notes and medium-term bank CDs. This puts us among the leaders in this form of financing.

Commercial paper. We were the first money centre bank to act as agent for commercial paper.

Our customers now have nearly \$3 billion outstanding. Only a handful of investment banks—and no commercial bank—exceeds this volume. Loan participations. The bank maintained a world leadership position in 1984 by granting more than \$7 billion in loan participations.

Trading. We execute over \$12 billion in money, securities and currency transactions daily. Today, we are one of the five largest primary dealers in U.S. government securities.

Investment management. We are responsible for the investment of over \$40 billion in employee benefit and personal trust assets. Investment management clients include over 100 of the world's major

corporations and public sector entities. Eurosecurities. In 1984, Bankers Trust lead managed \$2.2 billion and managed \$15 billion more in Eurosecurity offerings. We are a

fixed- and floating-rate Eurobonds. Employee benefit, custody and corporate trust services. Through these three businesses, approximately half a trillion dollars is now under our care, making us an industry

market maker in over 500

leader. Such dominance, in so many markets, was not easily won.

Nor could it have been won without clients who were quick to apply the advantages of merchant banking to their own financial affairs.

Merchant banking is a remarkably versatile style of banking. Our merchant bankers respond quickly to changing customer needs, and adapt to change in the financial world itself.

It is through this versatility that we expect the success story of merchant banking to be continued. This year, next year, and in the years beyond:

THE ECONOMIST, March 24, 1984

he strategy has paid off sue a diffe ... Bankers Trust is rated by corporate treasurers among the first ranking corporate banks-achieved by a mixture of bringing in aggressive young bloods from Wall Street paying well and changing the decide . culture" away from the cosy atmosphere of a commercial bank. It was this consideration which

best and In 192 tronic nva

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Shearson Lehman/American Express, October, 1984

prompted Bankers Trues

estment.

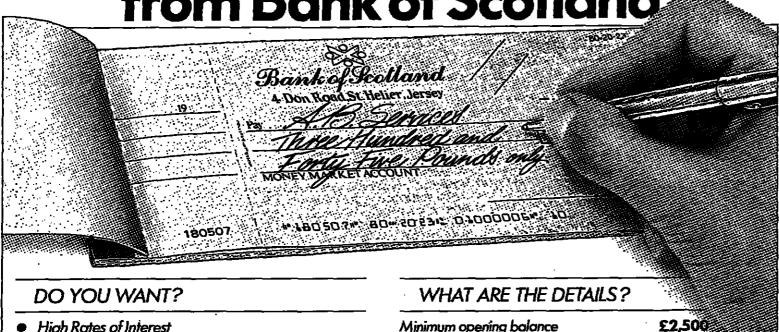
Te believe Bankers Trust is a growth company. Its record over the past six years has clearly demonstrated this fact ... We also believe that the creation of a highly geared, highly paid management team at both the upper and middle echelons has contributed meaningfully to the company's strength.

Therefore, we tend to think

Bankers Trust Company
Dashwood House 69 Old Broad Street London

Merchant banking, worldwide.

An Offshore Money Market Cheque Account from Bank of Scotland



Minimum opening balance

Interest is calculated daily and applied monthly

transactions should normally be in sterling. Statements

Simply complete the coupon below and enclose your

Bank of Scotland was constituted in Edinburgh by Act of Scots' Porliament in 1695. Copies of the Annual Report and Accounts are available on request from R. C. Home, Manager, Bank of Scotland, 4 Dan Road, St Helier, Jersey or from Bank of Scotland, Head Office, The Mound, Edinburgh EH1 1YZ. Bank of Scotland Proprietors' Funds

A FRIEND FOR LIFE

cheque. An acknowledgement of your deposit will be sent by return and your cheque book will follow a few days later.

Cheques may be payable to third parties and all

are issued quarterly (more frequently if you wish). First 9 cheques per quarter are free of charge.

Up to date rate of interest available by telephoning Bank of Scotland, Jersey 0534-39322.

Minimum transaction

- High Rates of Interest
- No notice of withdrawal
- A cheque book to give you easy access
- An Offshore Account based in Jersey paying Interest Gross.

AND ALSO

- Available to applicants world-wide
- No need to have another account with us

INTEREST PAID GROSS

as at 28th February 1985 were £314.4 million. Deposits made with offices of Bank of Scotland in Jersey are not covered by the Deposit Protection Scheme under the Banking Act 1979.

I/We enclose my/our cheque for £ (minimum £2,500) payo to Bank of Scotland.
Should the cheque not be drawn on your own bank account, please gi details of your bankers.
MY/OUR BANKERS AREBA
BRANCH
ACCOUNT NUMBER
Bank of Scotland Jersey offers a full range of services. For further FT2 information tick box RANK OF SCOTT. AND

NOTICE OF PREPAYMENT

For joint accounts all parties must sign the application but only one

THE MITSUBISHI BANK LIMITED

signature will be required on cheques.

(Incorporated in Japan) US\$30,000,000 Callable Negotiable Floating Rate **Dollar Certificates of Deposit** No. FRCM4 00001 to FRCM4 00060 Issued on 30th October, 1981 Maturity Date 31st October, 1986 Optionally Callable in October, 1985

Notice is hereby given that in accordance with the Clause of the Certificates of Deposit (the "Certificates") The Mitsubishi Bank, Limited (the "Bank") will prepay all outstanding Certificates on 31st October, 1985 (the "Prepayment Date"), at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank. Interest will cease to accrue on the Certificates on the Prepayment Date.

The Mitsubishi Bank, Limited London Branch

I, King Street, London ECZV 8LQ 27th September, 1985



NOTICE OF PREPAYMENT THE MITSUBISHI BANK

LIMITED (Incorporated in Japan) US\$30,000,000

Callable Negotiable Floating Rate **Dollar Certificates of Deposit** No. FRSM2 00001 to FRSM2 00060 Issued on 28th October, 1982 Maturity Date 31st October, 1986

Optionally Callable in October, 1985 Notice is hereby given that in accordance with the Clause of the Certificates of Deposit (the "Certificates") The Mitsubishi Bank, Limited (the "Bank") will prepay all outstanding Certificates on 31st October, 1985 (the "Prepayment Date"), at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank. Interest will cease to accrue on the Certificates on

the Prepayment Date. The Mitsubishi Bank, Limited London Branch
1. King Street, London EC2V 8LQ

27th September, 1985

RENOWN INCORPORATED

On the 20th September, 1985 the Board of Directors of Renown incorporated met and approved the following Report: SEMI-ANNUAL BUSINESS RESULTS (unaudited and on consolidated basis)

	For the six months ended 30th June,	
	1984	1985
	Million	s of Yen
Net Sales	107,748	110,336
Cost of Sales	69,780	70,587
Gross profit	37,968	39,749
Selling general and	- •	
administrative expenses	33,484	35,699
Operating Income	4,484	4,050
Non-operating income:		
Interest income	1,824	2,262
Other income	1,070	1,553
	2,894	3,815
Non-operating expenses:		
Interest expenses	916	831
Interest on bonds and notes	426	442
Other expenses	317	621
2 a. 2. p	1,659	1,894
Income before income		
taxes	5,719	5,971
Income taxes	2,757 `	2,991
Equity in earnings of associated companies	467	508
Net income	3,429	3,578
	Y	'en
Earnings per share	23.07	22.92
Note: No interim dividend is de annual period because the co dividend system to shareholder	ompany does not	
		27th Carlamber 1086

The Republic of Italy U.S.\$500,000,000 Floating Rate Notes due 2005

In accordance with the provision In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 27 September. 1985 to 28 October, 1985, the Notes will carry an interest rate of 8½..." per annum. The interest payable on the relevant interest payable of the relevant interest payable on the relevant payable on the relevant interest payable on the relevant interest payable on the relevant interest payable on the relevant payab Bearer form (Coupon No. 2).

27 September, 1985. The Chase Manhattan Bank, N.A. London, Agent Bank.

and a standard the case of the first first contraction and a second property of the case of the same

KONISHIRORU PHOTO INDUSTRY CO. LTD.

NOTICE TO EOR HOLDERS

Further to notice of April 18, 1985. The Chase
Manhadan Bank, N.A., amounce that the Final
sock devidend of Yen d 75 per share has been
convented with U.S. Dofars and amounts to
\$180.45 gross per EDR representing 10.000
Deposated Shares and \$18.64 gross per EDR
resentations with the subject to deduction of
Japanese withholding law if any! af the appropriate rates and representative payments will be
as follows:

EDRs representing 10.000 Shares \$157.16 net
or \$166.99 net ofter deduction of 20% or 15%
Japanese withholding law respectively.

EDRs representing 1.000 Shares \$15.71 net or
\$16.99 net ofter deduction of 20% or 15%
Japanese withholding law respectively.

The rate of law deduction of 20% or 15%
Japanese withholding law respectively.

The rate of law deduction of 20% or 15%
Japanese withholding law respectively.

The rate of law deduction of 20% or 15%
Japanese of Japan. Affidiations will be
required in all cases whithe a widtholding law of
less than 20% as to be used.

Accordingly EDR holders may present
Coupon No. 17 fortherist in the offices of Tha
Chase fifarmatian Bank Na. Woolgate House,
Columnar Street, Landon ECP 240 or in Chiese
Manhattan Bank Lamenhourg \$A. 47 Boulevard Rayal, Luvembourg, or at Kredietbank
S.A. Luvembourgeoise, 63 Boulevard Rayal, Luvembourgeoise, 63 Boulevard Rayal, Luvembourgeoise. bourg. THE CHASE MANHATTAN BANK N.A.,

enjoy your complimentary copy of the Financial Times as a guest of these Hotels: Crest Hotel, Kapstadtring Atlantic Hotel, An der Alster Ramada, Große Bleichen

While in Hamburg

INTL. COMPANIES & FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The

U.S. DOLLAR			Oller	4	200	Yhdd
STRAIGHTS .	Jerres 100	1923	18278	0	+ 012	15.10
Amex Credit 10% 90	150	146	100	ŏ	+6%	10.13
Amer Credit 12% 85	250	937g	94		+ 64,	11,06
Agent Flichfiel 10% 00 Australia Cont 71% 00	100	101	10512		+ 84	10.78
Australia Com 11°95	200	102	10212		+8%	10.60
SP Capital 114 92	150	1023	10278	+ 012	+ 674	10.51
Canada 11/2 90	500	105 %	10552	+ 63	+ 97g	9.92
Canadian Pac 104 83	100	10212	18258		+ 114	19.27
Cenadian Pac 12'2 99	75	16516	105%		+ 138	11.2
Cherron U.S.A. 124 89	800	10474	10514	+ 014	+ 034	10.66
Citicorp 10 \$8	200	108	10012		+ 854	9.86
Citicorp 11's 95	150	102 a	10276		+ 114	11.03
Coce Cole 11% 81	100	186 4	10634		+ 039	15.25
Denovark Kingdom 11's 89	100	16310	1035e		+ 124	10.05 30.33
Decimark Kingdom 115 80	700	10374	10414		+ 114	
Decement Kingdom 1112 92	100	102.4	103 ⁷ 8	+ 012	+0.8	10.67 10.73
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All of these Securities have been sold. This announcement appears as a matter of record only.

\$145,000,000

Price Communications Corporation

\$125,000,000 14%% Subordinated Debentures Due 2000 \$20,000,000 Zero Coupon Subordinated Notes Due 1990

Interest on the Debeutures will be payable March 15 and September 15

MORGAN STANLEY & CO.

September 20, 1985

INTL. COMPANIES & FINANCE

David Lascelles on the attractions of the U.S. securities market

Wall St lures UK merchant banks

THEY look like midgets along side the glants of Wall Street. But British merchant banks are trying to hack out a share of the world's biggest investment U.S. investors and to market, the world's biggest investment U.S. investors and to market, the world's biggest investment U.S. investments to their foreign banking market for themselves. the world's biggest investment benking market for themselves.

Many of the best known names, like Morgan Grenfell, S. G. Warburg and Kleinwort Benson, have been in New York for years as part of their inter-national expansion, but only on a modest scale. Recently, the revolution in the City of London revolution in the city or London has given fresh impetus to their U.S. ambitions: they need a place on Wall Street as an adjunct to the securities businesses they are forming in tondon

Over the past year or two, the merchant banks have taken a series of steps to strengthen their position in the U.S., not altogether with glowing results. One spectacular disaster was the tiny merchant bank, Henry Ansbacher's acquisition of Laid-Ansorcher's acquisition of Laid-law, Adams and Peck, a Wall Street securities firm where losses almost wiped Ansbacher out and forced a rescue by shareholders earlier this year. At the other end of the scale, the LK's largest marshant beauty

the UK's largest merchant bank, Kleinwort Benson, also nearly came a cropper last spring when its newly-acquired dealer in Chicago, formerly ACLI—now Kleinwort Benson Government Securities was caught with a Securities, was caught with a large trading position with ESM, the fringe dealer which

Strong influence on world markets

Fortunately Kleinwort's expo-sure was covered, and the eventual loss turned out in the hundreds of thousands of dollars rather than the hundreds-of millions. But the experience brought sweat to Kleinwort's brow, and forced it to overhaul the dealership's management, as well as its trading and creditpolicies. According to Mr Mitchell Shivers, an American investment banker brought in to set it right, it is making a profit again. "I do not intend to preside over another ESM,"

ties market is powerful. Aside. from providing a big business' opportunity in its own right for merchant banks, Wall Street has such a strong influence on other securities markets around the world that foreign dealers need to be plugged into it. Most of the large merchant banks

some 220 people in the U.S., has been the most ambitious. has been the most ambitious. Aside from spending \$27m to acquire ACLI, one of the U.S. 36 primary dealers in the Treasury bond market, it has set up a dealership in American Depositary Receipts (ADRs) (the form in which foreign stocks are traded in the U.S.), and is offering an intermediated. and is offering an international suvestment and advisory service in conjunction with Grieve-son Grant, the UK stockbroking firm with which it is allied. By next year, it hopes to be also dealing in U.S. stocks too. Meanwhile it has bought an interest rate swap bysinger in interest rate swap business in

California.

S. G. Warburg is following a similar course, though some distance behind. It has just opened a new office on Park Avenue for Rowak, its international dealership with cook. national dealership with stock-brokers Rowe and Pitman and jobbers Akroyd and Smithers. The group has capital of some \$42m in the U.S. and intends to make markets in foreign and U.S. stocks, as well as provide corporate finance services. Robert Fleming is taking a

different tack. In August it took the bold step of buying F. Eberstadt and Co, a medium-sized investment bank best known for its institutional brokerage and corporate finance business, and research. At a stroke, this will give Fleming one of the largest UK merchant banking presences in the U.S., with 200 people and an invest-ment of some \$22.5m. complementing its fast-growing invest-ment banking business in London and the Far East. Entering the U.S. market pre-sents a special problem for UK merchant banks because their

hybrid character—half commer-cial bank and half investment Steagall Act which says a bank cannot be both at once. Most merchant banks have

opted for the investment banking route, which is considered to be more profitable — if also more risky — and less hide-bound by regulation. This enables them to engage in underwriting corporate securi-ties, considered to be key to a successful corporate finance business. But the situation is

Earlier this summer, it arranged to reduce its stake in the bank below 25 per cent, which will enable it to become an invest-ment bank instead, giving it much more room for

Kleinwort, which entered ine Kleinwort, which entered the U.S. as an investment bank even though it has a large commercial banking business, still manages to run a sizeable U.S. commercial loan book by sending in banking representatives from London and booking the business abroad.

Corporate finance and deal-making

But the most striking challenge to the U.S. banking barriers has been launched by County Bank, the merchant bank subsidiary of NatWest, which is registered as a commercial bank but wants to get into the U.S. securities business, again to extend the reach of the investment bank which NatWest is forming in London. In August, it filed an application with the Fed to launch a brokerage operation offering a full age operation offering a full advisory, research and execution service, reckoning that it had found a way through the law. U.S. banks are following the application closely because it would set a major precedent

if approved. A conspicuous absentee is Barclays de Zoete Wedd, the investment banking operation being assembled by Barclays Bank. However, de Zoete & Bevan, the stockbroking unit of the same is chartly to come the same in the stockbroking unit of the group, is shortly to open an office in New York which will form the core of BZW's U.S.

But securities do not domi-nate all the merchant banks' activities. Morgan Grenfell, best known in London for its expertise in corporate finance, has hired a high-powered team of American merger and acquisition specialists, and has gone into deal-making. It has also gained a dominant position in the ERISA funds market,

managing overseas investments of U.S. pension funds.

Eventually, though, Morgan expects also to have a securities business in the U.S. which will be managed by two experts on the Wall Street market which

ting the headlines recently by advising both Sir James Goldsmith and Hanson Trust in their hotly contested takeover bids for U.S. companies. But Rothschilds Inc does not stress its European parentage. "We think of ourselves as a U.S. investment bank" said Mr investment bank" said Mr Robert Pirle, the chief execu-tive who was formerly with one of New York's top com-mercial law firms, and insists that Rothschild got both the Goldsmith and Hasson business on merit rather than through reference. (though Hasson is

a client of N. M. Rothschild in Eut busy though merchant bankers are in establishing themselves in the U.S., just how realistic is it for them to expect to make more than a tiny impact on that huge market?

market?

Many of them admit that they would never earn their keep simply trying to break into the domestic U.S. business, or wresting mandates away from large U.S. corporations and their traditional Wall Street investment banks. Instead, they try to play on special strengths, like their international connections which enable them to set up crossborder deals.

Seeking out "niches" is

Seeking out "niches" is another way. "It is very necessary to specialise in the U.S. market," said Mr Ian Saunders of Fleming which is aiming its services at small and medium sized U.S. companies with inter-national links. "It helps if you concentrate on areas which are not dominated by the U.S. banks, and where capital is not the key determinant of

Bankers also try to measure the value of their American ventures in broader terms than just the U.S.: as a vital link in their efforts to build up a worldwide securities and cor-porate finance ability. "It is essential for us to be here full stop," said one of them. This blunt argument may

make it easier for banks to fustify the uncertain rewards and considerable risks in establishing themselves on Wall Street. But while they may try to use their wits to make up for whatever they lack in weight (Kleinwort is a fraction of the size of a fraction of the size of Merrill Lynch), they must be not as inflexible as it might it hired from rival UK firms, hoping that Anshacher and Corporate finance, too, is the ACLI have filled their quota Schroder has long been hallmark of Rothschilds Inc, of salutory lessons.

All these securities having been sold, this announcement appears as a matter of record only.

September, 1985



EUROPEAN INVESTMENT BANK ECU 100,000,000

87/s per cent. Bonds Due September 18, 1995

ISSUE PRICE 1001/2 PER CENT.

Japanese Tranche of ECU 80,000,000

The Nikko Securities Co., Ltd. The Nomura Securities Co., Ltd.

NEW ISSUE

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Universal Securities Co., Ltd. Smith Barney, Harris Upham International Incorporated, Vickers da Costa Ltd.,

Ichiyoshi Securities Co., Ltd. Meiko Securities Co., Ltd. Nichiei Securities Co., Ltd. The Tachibana Securities Co., Ltd.

Salomon Brothers Asia Limited, First Boston (Asia) Limited, S.G. Warburg, Rowe & Pitman, Akroyd (Japan) Inc., Yamatane Securities Co., Ltd. Pacific Securities Co., Ltd. Marusan Securities Co., Ltd. Kosei Securities Co., Ltd. Mito Securities Co., Ltd. Towa Securities Co., Ltd.

Daiwa Securities Co. Ltd.

European Tranche of ECU 20,000,000

The Nikko Securities Co., (Europe) Ltd.

Amro International Limited Banque Indosuez Deutsche Bank Aktiengesellschaft Kleinwort, Benson Limited

IBJ International Limited Banca Commerciale Italiana

Banque Internationale à Luxembourg S.A. Generale Bank Sparekassen SDS

These securities have been sold outside the United States of America and Japan. This announcement ears as a matter of record only.

NEW ISSUE



KOKUSAI KOGYO CO., LTD. (Kokusai Kogyo Kabushiki Kaisha)

U.S.\$30,000,000 7 per cent. Guaranteed Bonds 1990

unconditionally and irrevocably guaranteed as to payment of principal and interest by

The Fuji Bank, Limited

(Kabushiki Kaisha Fuji Ginko)

Warrants

to subscribe for shares of common stock of Kokusai Kogyo Co., Ltd.

Issue Price 100 per cent.

Nomura International Limited

Banque Bruxelles Lambert S.A. Dai-Ichi Kangyo International Limited **Deutsche Bank Capital Markets** Goldman Sachs International Corp.

Crédit Commercial de France Daiwa Bank (Capital Management) Limited

Fuji International Finance Limited Nippon Kangyo Kakumaru (Europe) Limited

N M Rothschild & Sons Limited Wako International (Europe) Limited

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Swiss Volksbank

US \$150,000,000 Floating Rate Notes 1996

(of which US \$100,000,000 have been issued as the Initial Tranche)

KLEINWORT, BENSON, LONSDALE pic

as the principal debtor on 15th March 1985)

For the six months 27th September 1985 to 27th March 1986, the Notes will carry a Rate of Interest of 8½ per cent. per annum with a Coupon Amount of US \$427.38

CHEMICAL BANK INTERNATIONAL LIMITED

The Coca Cola Company

has acquired

Embassy Communications & Affiliates

and the assets of

Tandem Productions

(A California Limited Partnership)

The undersigned initiated this transaction and acted as financial advisor to The Coca-Cola Company.

ALLEN & COMPANY

September 23, 1985

KLEINWORT BENSON FINANCE B.V.

(which was substituted for Kleinwort Benson Finance B.V.

Agent Bank

Notice of Early Redemption The Fuji Bank, Limited

US \$20,000,000

Callable Floating Rate Certificates of Deposit Issued 19th November, 1981 Maturity 21st November, 1986 Callable November, 1985

Notice is hereby given in accordance with Clause 5 of the Certificate of Deposit (the "Certificates") that pursuant to Clause 3 of the Certificates, The Fuji Bank, Limited will repay all the outstanding Certificates on 21st November, 1985 at their principal amount. Payment of the principal amount, together with accrued interest will be made on the repayment date against presentation and surrender of the Certificates at the London Office of The Fuji Bank, Limited, 25/31

Moorgate, London EC2R 6HQ. Interest will coase to accrue on the Certificates on the repayment date. Samuel Montagu & Co. Limited

All-round progress lifts Vickers

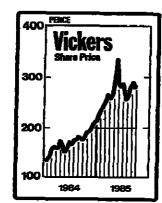
Vickers, the engineer and Rolls-Royce Motors group, has achieved a near-36 per cent increase in interim profits with progress across activities.

At £18.7m pre-tax, the result compares with £13.8m for the corresponding period and exceeds the £17m attained in the second half of last year. half of last year.

Earnings per share rose from 13.2p to 15.1p and the dividend for the first six month of 1985 is being raised by 25 per cent

is neing raised by 25 per cent to 5p.

Overall profit margins were maintained, says Sir Richard Cave, the chairman. Turnover advanced by £21.8m to £29.6m and operating profits improved by nearly £2m to £21.3m—net interest parable was down £1.1m. interest payable was down £1.1m at £3m and associate companies turned in a £0.4m profit against a £1.5m loss.



interest payable was down f.1.1m at £3m and associate companies turned in a £0.4m profit against a £1.5m loss.

In addition to the all-round improvement, Sir Richard says that forward contracts have provided stability against a fluctuating U.S. dollar.

"The development of our main business continues," he says. In addition, Vickers has also been in May it bought Comforto, an internationally-based designer and manufacturer of office seating products, and earlier this

month acquired TECA, a U.S.-based manufacturer and distri-butor of electro-diagnostic medi-

butor of electro-diagnostic medical equipment.
Vickers has also made some
disposals with the sale of its
interest in the Millbank Tower
for £12.25m, part of its freehold
interest in the South Marston
site for just over £3m, and BAJ
Vickers through a management
buyout. Good progress is also
being made towards the disposal
of the Oyster Lane property,
jointly owned with GEC, says
Sir Richard.

jointly owned with GEC, says
Sir Richard.

He has nothing to add on
Vicker's claim for increased
nationalisation compensation
with a decision still awaited
from the European Court of
Human Rights following a hearing in June.

Retained profits for the first
half were considerably higher at

half were considerably higher at fife9m, against f2.6m, reflecting a f13.4m swing to extraordinary credits of f7.6m—tax amounted



David Plastow.

Central TV dips 9% midway to £2.6m

vision, based in Birmingham, blames the high cost of making some programmes for an 8.8 percent fall in pre-tax profits to £2.57m in the six months to June 30 compared with £2.82m last time.

Sir Gordon Hobday, chairman, says, however, that these pro-grammes will generate overseas revenues in the second half and that the increased costs were partly offset by an allowance for

Turnover was up 6.1 per cent from £68.1m to £72.79m. Sir Gordon says that, although the advertising market generally was less buoyant than expected, Central's market share and

advertising revenue were higher than last time. Programme sales also increased.

A television com

Advertising revenue and costs are not uniform throughout the year, he says, therefore results for the first half should not be taken as an indication of the outcome for the year.

In the year ended December 31, 1984, Central recorded pre-tax profits of £10.05m on turn-over of £152.2m.

Central, which is quoted on the Unlisted Securities Market, is paying an unchanged interim dividend of 2.5p a share covered twice by earnings of 5.7p (6.7p).

Tax charges were £1.13m (£1.14m), giving attributable profits of £1.44m (£1.68m).

A television company's interim results depend to a large extent on whether the company has chosen to shunt costs from one half of the year to another, and hence the market's non-reaction hence the market's non-reaction to Central's downfall in profits was quite appropriate. For the full year, however, the outcome should be acceptable, and Central may find itself one of the few in its industry to report higher profits. After a first half in which total TV advertising expenditure was shrinking, the second half is already witnessing a strong bounce back. This should particularly suit Central, which by dint of more effective

setting of airtume is increasing its market share. Through its subsidiary, Zenith, Central is building a strong stock of programmes for sale overseas. Zenith's first major series, the Last Place on Earth, most of the cost of which has been taken in the first half, has been sold to 20 major networks abroad, which should boost the second half figures. Into 1986 and beyond advertising volumes may start to turn down again, and the threat of the Peacock enquiry into advertising on the BBC looms. Assuming profits this time of £10.5m the shares at 2030 seem fairly valued on a p/e of 8, and a yield of 7.3 per

Ramar tops £750,000

THE PROGRESS referred to by Ramar Textiles at the interim stage was maintained through the second six months and enabled the group to lift its pre-tax profits for the 53 weeks to May 31 by £169,000 to £751,000. Ramar, based at Co. Durham and a manufacturer of ladies' clothing, has a full order book

for the Autumn season Having achieved their profits forecast the directors are looking for a further improvement this

year.
Turnover for the past year totalled £21.02m (£18.56m). Basic earnings amounted to 5.3p (3.94p) and the dividend is being lifted from 1.5p to 1.65p net per 5p share.

a one-for-three rights.

In the year to May, Humberside reported pre-tax profits of £863,000. For the current year the company is forecasting profits of at least £300,000

Another rights from Humberside

Humberside Electronics, described as a renovator and convertor of machine tools or as a mechanical vulture with an electronic brain, is making a fourfor-11 rights issue to raise \$2589,000 in order to reduce company debt.

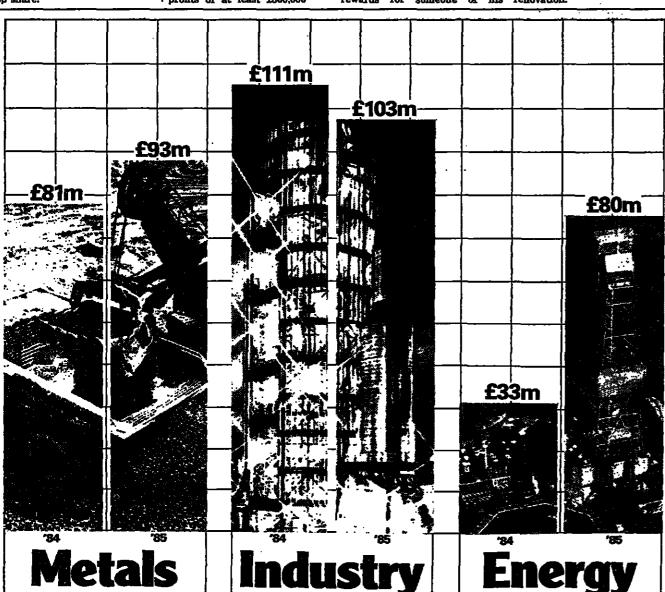
The issue is priced at par-

The issue is priced at par—
109—and is fully underwritten
by Cleves Investments.
Humberside came to the USM in October 1981 by backing into Sumtravelle Estates, a shell company. In November 1983 the company raised £517,000 through a one-for-three rights.

Mr Peter McMaster, company founder and chairman, holds almost all of the 6.5m shares (37.75 per cent of the pre-rights capital) held by directors. The directors intend to subscribe to just under half of their entitlement under the issue. comment

It is hard not to be sympathetic to Mr McMaster's plight. It is costing him more to set up his retrofit business than he can earn—so R & D is mainly capitalised and the shareholders are needed (aggin) are needed. and the shareholders are needed (again) even though the shares languish around par level. It is perhaps even a pity that a large plant or engineering concern cannot find the room and the rewards for someone of his

undoubted technical skills, but that is not the question today. Should shareholders stay with Humberside and subscribe to the rights this time round? Given that getting out seems unattrac-tive, and not subscribing will see dilution, then the answer has to be yes, however, guarded. Before long though the company will have to become more profeshave to become more professional, get the boardroom boys behind the drawing boards they love and let cooler minds run the finances. Blue chip austomers are all very well but they all too easily can call the tune on payment terms—sooner rather than later the company must come to see profits and earnings as just as much a priority as a clever piece of competitively priced renovation.



Half year pre-tax results

RTZ's activities cover three broad sectors: energy resources, industrial products and metal mining and

RTZ's assets are spread worldwide with 25 per cent in the UK, 24 per cent in North America, 41 per cent in Australasia, 5 per cent in Central and Southern Africa and 5 per cent elsewhere.

In the first half of 1985 Group turnover, on the proportional equity basis increased by 9 per cent, operating profit by 16 per cent and net profit attributable to RTZ shareholders by 15 per cent.

In US dollar terms most metal prices remain weak, constrained by excess capacity. Earnings for the industrial and energy sectors, which in the first half of 1985 together accounted for 70 per cent of the contribution to net earnings, should show some improvement overall in the second half.

(£ millions)	1985	1984	1984
Turnover	1,938.0	1,778.0	3,900.0
Profit before tex	224.6	193.0	424.0
Net profit attributable to RTZ stareholders	114.7	100.1	210.7
Earnings per ordinary share	37.03p	32.33p	 68.03p
Dividend per 25p ordinary strare	7.00p	6.50a	20.000

harpholders in each of the items included.

The Rio Tinto-Zinc Corporation PLC 6St. James's Square, London SW1Y4LD

Fraser taps the tourist boom

By John Shepherd

HOUSE OF FRASER has achieved an 86 per cent profits improvement in its traditionimprovement in its trainitionally quieter first half with Harrods its prestige store benefitting from this year's tourist boom.

While Harrods contributed more than most of Fraser's stores, Mr Earnest Sharp, a director, said yesterday that there were improvements across the board through cost savings and higher sales

And with the interim tax-And with the interime tax-able result up from £7.43m to £13.35m, he was looking for-ward to a 'good winter seasoh" and was "very confident' of beating last years record profit of £48.16m. Completion of some store returbishment bringing sell-ing space help on stream

ing space back on stream helped the results for the six months to July 27, 1985, he said and added that without Lourno's "enormous managerial diversion" the company was now able to concentrate on the business.

Profit margins improved Profit margins improved from 3 per cent to 4.5 per cent with turnover, exchuding, VAT, of £441.83m (£384.81m) generating a trading result of £19.8m (11.95m). Interest charges were up from £5.63m to £6.62m.

Retained profits were well that £5.62m against £3.92m.

up at £6.07m, against £3.92m, even allowing for £2.1m of extraordinary debits relating to the takeover, egm's and various governmental enquiries

programme has encompassed stores both in and outside London and, in addition, the company is to open new stores in Aberdeen, Norwich, Inswich and at the Metro Centre, which is being built in part heart of England

north east of England.

Mr Sharp said he was impressed with the Metro Centre and was not deterred by the north east's unempley ment problem. Fraser had the ability to recognise local needs and tinat the catch-ment area for the centre

would be large, he said.

In addition to Fraser's organic growth, he said that despite the sale of the Debenhams share stake it was still possible to force links. "The opportunities are still present," he said despite the change of Debenhams' ownership to Burton which is chaired by Mr Ralph Halpern. Previously identified areas of co-operation between the companies store site swops, combining distribution and warehousing activities, and combining Debenhams' Welheck con-

the Burton and Fraser charge

THF to acquire hotel in Fife

Trusthouse Forte, Britain's largest hotel and catering group, is to purchase the 50 bedroom Rusacks Marine Hotel, situated near the St Andrews golf course in Fife. Contracts for the purchase, at an undisclosed price, have been exchanged with the present owners, St Andrews Links Trust and Rusacks Marine Hotel Ltd, and completion is school-lided.

pletion is scheduled for October 21. Hr Rocco Forte, chief executive of THF, said the acquisition was part of the policy of acquiring country inns and hotels at reasonable

prices.

Rusacks was "potentially rather a superb hotel," said Mr Forte, "but it might need a bit of money spending on it." This could be in the region of \$25.5m to _ règion of £0.5m

Newey Group rises by 32%

Newey Group, with interests including the manufacture and distribution of hard ture and distribution of hard haberdashery, increased pretax profits by 32 per cent to
£687,059 in the six months to
June 30 compared with
£519,520 last time. Turnover,
excluding inter-group sales,
was down to £8.81m (£8.28m).
Pre-tax profits were struck
after depreciation of £272,559
(£260,390). Tax took £41,955
(£73,078) and minorities
£11,934 (£7,564). The company, a Subsidiary of Williams
Prym-Werke, says the second
half outlook is favourable.

Newarthill lower

Although first balf figures at Newarthill fell from £12,32m to £10,15m in the six directors expect that for the months to April 30, 1985, the year as a whole they will reach the level of £16.36m of the previous year.

Turnover of this civil engineer and building contrac-

tor, which operates under the Sir Robert McAlpine name, rose from £120m to £132m. First half tax was down from £5.69m to £3.69m, and there were extraordinary credits of

The extraordinary items represent the realisation of its finance lease portfolio and

N. American operations boost MAI to £27.45m

SHARPLY HIGHER contribu-tions from its North American operations enabled Mills & Allen International to lift its 188485 International to lift its 1984-85 pre-tax profits by £7.24m to

Furthermore, trading in the current year has started satisfactorily with good levels of activity in securities' broking and retail insurance broking. There are also improved order

There are also improved order books in both outdoor advertising and market research.

The figures for the past year, to June 30, were in line with the directors' forecast made last June at the time of the £25m rights issue and acquisition of Gintelco, a leading U.S. corporate bond broker.

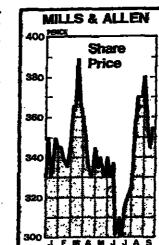
At year-end MAI'S net assets showed an increase of £22m at £40m.

Turnover for the 12 months

showed an increase of 122m at £40m.

Turnover for the 12 months surged from £137.17m to £171.58m and generated operating profits of £26.12m, up from £19.74m—the group's financial activities include financial services, money and securities broking.

The share of related companies profits declined from £914,000 to £785,000 but net interest income added £344,000, compared with last year's charge of £448,000.



Tax accounted for 19,99m (£7,02m) and minorities for £335,000 (£79,000). Extraordinary credits rose from £929,000 to £1,57m and basic earnings emerged at 41.6p (32.1p) per 25p share.

Shareholders are to receive the promised 12p final dividend which raises their total by 2p to

lep net on the capital enlarged by the rights issue. Pre-tax profits by division were Pre-tax profits by division were split as to money and securities broking £21.68m (£14.96m), insurance broking £957.000 (£950,000), media £3.5m (£2.88m) and market ressurch £768.000 (£971,000)—figures for 1963.84 took in £1.31m of a business since sold.

Geographically, the figures broke down as to UK 29.46m (58.05m), N America £14.15m (58.19m), Europe and Middle East £2.37m (£2.53m) and Pacific £925.000 (£569.000).

The group's results benefited from the strength of the U.S. dollar which averaged \$1.24 to the pound, compared with an

dollar which averaged \$1.24 to the pound, compared with an average \$1.46 in 1985.

Sir Ian Morrow, the chairman, tells shereholders that money broking and securities broking companies enjoyed active markets with profits being boested by the wider range of products and the increasing size of the customer hase.

customer base.

He adds that the extensive reorganisation of the media companies carried out last year is beginning to hear fruit and that retail insurance also continued to expand its product range and

Wimpey profits rise 3% in line with targets

Operating profits, including a share of associates, were up 19.7 per cent to 215.8m (£13.2m), an improvement which, he says, is encouraging.

The main courses of action put

the main courses of action put hand to deal with group problems are gradually bringing about a more efficient deployment of resources, he says, and the programme for establishing a firm and profitable base from which to expand is on course.

Sales of Wimpey homes in the UK were up 15 per cent on last time, he says, while legal comple-tions of 4,400 were marginally

down.

Earnings a share were 1.6p
(1.4p) and the interim dividend
is maintained at 0.85p.

Net interest payable was up to

29.5m (£7.1m) and tax took £1.8m (£2.2m).

There was an extraordinary credit of £15.3m (£13.5m), representing profit, less tax, on the sale of shares in the Olcham Estates Company. Attributable profits were £19.8m (£17.4m). Comparisons have been restated to show the sale of Olcham Estates as an extraordinary item. Negotiations for the sale of Negotiations for the sale of properties owned by Ariel International, a property development association in West Germany, are continuing, says Mr Chetwood, with several bids under con-

comment

The fact that Wimpey's shares put on 6p to 121p yesterday does not disguise the fact that the half-time figures were well towards the bottom end of forecasts. Probably the market's reaction was more one of relief at the absence of nasty surprises than delight over the underlying

George Wimpey, construction engineer, which is undergoing streamlining and reorganisation, produced pre-tax profits of 56.3m in the six months to June 30, up 3.3 per cent on the £6.1m last time.

Mr Cliff Chetwood, chairman, says that, overall, the result is in line with group targets for the year.

Turnover, which includes an attributable share of associates, was almost static at £657m (£651.1m).

Observating profits, including a streamlining and reorganisation, performance, for over the past few years it has grown well and to the former. As usual, however, Wimpey gives with the past few years it has grown well and looks set to achieve with performance, for over the past few years it has grown well accustomed to the former. As usual, however, Wimpey gives with performence, for over the past few years it has grown well accustomed to the former. As usual, however, Wimpey gives with a past leave about what is really going on. On the plus side Wimpey Homes is clearly doing the end of the year, Wimpey Construction is improving its performance, for over the past few years it has grown well accustomed to the former. As usual, however, Wimpey gives with the past accustomed to the former. As usual, however, Wimpey going on. On the plus side Wimpey Homes is clearly doing the end of the year, Wimpey Construction is improving its performance, for over the past few years it has grown well accustomed to the former. As usual, however, Wimpey gives with the really going on. On the plus side Wimpey Homes is clearly doing with the end of the year, Wimpey Construction is improving its performance, for over the year. charges have taken a consider-able turn for the worse in ante-of last year's heavy programme of property disposals, and it is a little galling to find negotiations for the sale of Ariel Inter-national still going on when the transaction was anticipated as a post balance sheet event in the annual report. For the full year it would be rash to expect any sudden upsurge in profits at such sudden upsurge in profits at such an early stage in Wimpey's reconstruction: most observers expect £45m at best, putting the shares on a prospective p/e of 11 after a 30 per cent tax charge—a level demanding a considerable act of faith in the short term.

Irish paint deal Imperial Chemical Industries has acquired control of the Irish paint manufacturing in-terests of Cookson Group, the metals and industrial chemicals

company.

ICI has purchased part of the
56 per cenf Cookson holding
in Harringtons and Goodlass in Harringtons and Goodlass Wall to give it a stake of around 60 per cent of the Irish company. Option arrangements have been agreed whereby ICI can purchase the remaining shares between 1987 and 1990.

tion is "not material in relation to the assets of either Cookson or ICL" There will be two Cookson directors on the Harringtons board in the period that Cook-

The value of the transaction has not been disclosed, but it is understood that the considera-

Bentalls surges to £812,000

THE EXPECTED sharp increase in interim profits has materialised at Bentalis, the Kingston upon Thames department stores

group.
From a turnover £2.15m higher at £27.8m, excluding VAT, profits at the pre-tax level pushed ahead from a depressed £364,000 to £812,000. However, roadworks

However, roadworks both in Kingston's town centre and outside the group's store there had an adverse effect on turnover.

The roadworks are continuing to affect the Kingston store but the directors are holding talks with the local council and it is hoped that the traffic flow around the town will improve so that shoppers wiff be attracted back for the peak Christmas trading period.

Statreholders are reminded

Shareholders are reminded that the Kingston store generates more than half of the group's

more than half of the group's retail sales.

The sharp improvement in group profitability was helped by the elimination of the loss at the now closed Chatham store together with a positive cash position during the half year as a result of the sale of the old failing store last January.

The interim dividend is being steened up from 0.35p to 0.4p net stepped up from 0.35p to 0.4p net

rom earnings of 1.0 0.58p previously.
Interest added £92.000 this time, compared with charges of £70.000, but tax rose from a re-

E70,000, but tax rose from a restated £119,000 to £365,000 to leave net profits £202,000 ahead at £447,000.

Mr Bentall says he was somewhat disappointed with the half year sales increase of 8.4 per cent as after four months, at the street of the ACM these terrors. time of the AGM, these were showing an advance of 11 per

F & C PACIFIC Investment Trust saw net asset value per share rise to 170.3p at July 31 com-pared with 156.3p a year earlier. However, the strengthening pound has contributed to a fall from 196p at January 31. In the six months to end-July total revenue fell from £2.74m to £1.72m with net revenue coming out at £751,000 (£1.44m). From earnings of 1.42p (2.71p), the interim payment is 0.6p (1.5p).



Interim Results for 26 weeks ended 31st July 1985				
	1985 £m	1984 £m		
Sales	121.6	98.1		
Profit before tax	6.8	3.5		
Profit after tax	5.3	3.2		
Dividend	2.0p	1.0p		
Earnings per share	11.8p	7.3 _p		

HIGHLIGHTS

* 24% increase in sales.

* Substantial increase in half-year profits. * Earnings per share increased by 62%.

* Autumn/Winter 1985 catalogues have started well and sales to date show a healthy increase on last year.

Grattan PLC, Anchor House, Ingleby Road, Bradford, BD99 2XG.

ong

5m



How long can they keep it up?

They need to explain away their trading profit record.

The trading profit of United's original activities has still not returned to its 1979 level.

They need to explain away their asset position.

Net tangible assets per share have dwindled to 25% of their 1982 level.

They need to explain away their

seemingly incessant share issues.

14.6 million shares in 1981 have increased 5-fold to 73.7 million now.

Given these weighty problems, how long can they keep it up?



Fleet puts shareholders first.

This advertisement is published by Fleet Holdings PLC. The directors of Fleet Holdings PLC are the persons responsible for the information contained in the advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts. The directors of Fleet Holdings PLC accept responsibility accordingly.

INTERIM STATEMENT 26 weeks to 31 August 1985 (unaudited)

,	5,006 4,427	58,763 3,467
	•	3 467
Net Interest Receivable		2,407
	338	195
1	4,765	3,662
* Exceptional Item	(104)	_=
Net Profit Before Tax	4,661	3,662
Taxation	1,820	691
Net Profit After Tax	2,841	2.971
Earnings per Share	8.11p	8.49p
Earnings per Share - Fully Taxed Basis	7.55p	5.59p
Dividend per Share	2.0p	1.7p

- Sales increased by 27.64%.
- Net profit (before exceptional Item) increased by 30.12%.

 19 new stores opened in the period.

 At least another 22 stores to open in the second half of the year.

 Northern Regional Distribution Centre completed on schedule and operating efficiently, enabling expansion to continue to over 500 stores.

 Another record year anticipated.
- Copies of the Interim Statement are available from the Secretary, Superdrug Stores PLC, Beddington Lane, Croydon, Surrey CRO 4TB.

Granville & Co. Limited

and investment Mana	gers
8 Lovar Lane London EC3R 8BP	Telephone 01-621 121
Over-the-Counter	Market
•	P/E

		-				201-1-0	P/1	<u> </u>
				~	Gross			Fully
	Low	Company		Change			Actual	
146	123	Ass. Bnt. Ind. Ord	131	_	6.B	5.0		8.7
151	135	Ass. Brit. Ind. CULS	137	_	100	7.3		
77	43	Airsprung Group	54	_	64	11.9	9.0	11.7
-3	25	Armitage and Rhodes,	43xd	_	4.3	10.0		6.4
159	108	Bardon Hill,	156	_	4.0	2.6		20.5
64	42	Bray Technologies	61	_	3.9	6.4	7.4	8.6
201	155	CCL Ordinary	155	_	12.0	7.7	3.8	3.6
162	104	CCL 11pc Conv. Pref	104	_	15.7	15.1	-	
130	10	Carborundum Ord	128	+ 2	4.9	3.8	6.4	9.9
91	83	Carborundum 7.5pc Pf.	91		10.7	11.B		_
73	45	Deborah Services	51		7.0	13.7	5.3	7.0
606	182	Frank Horsell	606		1.4	0.2	14.3	19.2
497	170	Frank Horsell Pr.Ord,87	497	_	11.9	2.4	11.7	15.8
32	22	Frederick Parker	22	- 1	_		_	
83	33	George Slair	80	_		_	3.3	5.9
50	20	Ind. Precision Castings	25	_	2.7	10.8		7.4
218	177	Isis Group	186×d	_	15.0	8.1	14.3	21.4
124	101	Jackson Group	105		5.5	5.2	7.0	7.0
285	273	James Burrough	231	+ 1	15.0	6.5	7.3	7.3
94	B3	James Burrough 9pc Pf.	93	′	12.9	13.9	-	
95	77	John Howard and Co.	86	_	Б.О	6.9	8.5	10.3
225	100	Linguaphone Ord	180	_			6.6	6.9
100	90	Linguaphone 10.5pc Pf.	90	_	15.0	16.7		0.3
650	300	Minihause Holding NV	570	_	6.9	1.2		23.7
120	31	Robert Jenkins	83		Ų.S	1-2	10.8	23.7
60	28	Scruttons "A"	31	_	_	_	10.0	7.9
92	61	Torday and Carlisle	71	_	5.0	7.0		
			320	_				6.5
444	320	Trevian Holdings		_	4.3	1.3		17.5
34	17	Unilock Holdings	32xc		2.1	6.6		85
113	81	Walter Alexander	110xc	—	8.6	7.7		7.6
247	105	W S Vestes	197	_	17 £	# 2	FA	97

Guess who some of

the world's largest

computer companies come to for their

computerised vehicle contract hire systems?

Interleasing (UK) Limited, 187 Broad Street, Birmingham. B15 1ED Telephone: 021-632 4222 Telex: 339466
And at London, Manchester, Stoke on Trent and Sale.

Grattan climbs £3.3m and more growth ahead

Grattan, the Bradford-based mail order company, reports a substantial increase from 53.46.11 substantial increase from £3.46a1 to £6.79m in pre-tax profits for the half-year to July 31 1985. Sales during the period increased by 24 per cent from £98.1m to £121.6m, and all trading names have performed well, says Mr John Hann, the chairman.

Although these figures compare with a lower trading base for the spring/summer of 1984 than that experienced in the following autumn/winter, they nevertheless confirm the continuing improvement in the group's sales performance.

oversubscribed

The offer for sale of shares in AMS Industries, which designs and makes professional sound processing equipment, has been four times oversubscribed.

Barclays Merchant Bank, which was offering 7.5m shares at 95p, has received applications for a total of 38.1m, and is due to announce the basis of allotment today.

NM Rothschild, which bringing the St Ives group market by an offer for sale

tender announced yesterday that the offer had been oversub-scribed: the striking price and allotment details will be released

today.

The bank is offering 2.3m shares at a minimum price of 290p in St Ives, which claims to be one of the leading colour printers in the UK.

sales to date show a healthy increase on last year. With the very important Christmas trading peirod still to come, it is too early to predict the outcome of the second half. However, it is anticipated that sales and profits for the period will be well ahead of last year.

Group pre-tax profits were after interest charges up from

croup pre-tax proms were after interest charges up from £1.46m to £1.99m. After tax of £1.49m (£234,000) and dividends, profits of £4.4m (£2.78m) were taken to reserves.

comment

Grattan's buoyant figures were not entirely unexpected in the City. The shares have out-performed the market by more performed the market by more than a tenth in the last month and the group's market capitalisation has tripled in the past year to £141m. In the market's eyes Grattan has accomplished all the right things by cutting costs, computerising its

systems and meeting the increas-ing challenge of the high street by launching direct mail order catalogues to complement the traditional agency activity. Half traditional agency activity. Half of the sales arvance of 24 per cent is accounted for by extra volumes with the newer direct catalogues performing especially well and now accounting for a quarter of group sales. The mix of business has vastly improved in that the average price on each item is that much higher and with cost increases held to each item is that much higher and with cost increases held to under 10 per cent operating margins have improved by more than two points to 7.2 per cent. Much depends on the success of the winter catalogues and while initial ordering looks good it is cally days. Negerbales initial ordering looks good it is still early days. Nevertheless £155m pre-tax for the year could be in prospect dropping the earnings multiple to 11.4 at 316p. The best of the relative performance may be over but the shares remain good value.

AMS and St Ives | Electra reduces its stake in Stone Intl. to 5%

Stone International, the systems engineer born out of the Silvle and his wife have each Stone Platt failure, yesterday sold 112,500 shares to leave them announced share disposals by with 400,000 shares (1.16 per some of those involved in the 1982 management buy-out.

Electra Investment Trust has sold 2m shares at 16912p, reducing its holding to 1.66m shares or 4.79 per cent of the equity, and Nola Company, a Hong Kongbased trust, held in the names of directors' families, has sold 1.5m shares at 1950 and 1.5m shares at 1.5m sh

0.72 per cent.
In addition, Mr P. McGrath, a

director, and his wife, have each sold 200,000 shares, to leave them with a combined holding of Stone, is the only one to have 850,000 shares (2.45 per cent), reduced its stake.

ber, at 125p per share, they did not sell any of their shares and undertook not to sell any until after the first annual meeting as

a quoted company. Electra, which was one of the

Britannia Security expansion

THE Britannia Security Group has agreed to acquire the ordinarry share capital of White Group Electronics together with £290,000 of the company's issued unsecured loan stock.

The Britannia Security Group maintains sophisticated closed circuit TV (CCTV) electronic and perimeter alarm and access control systems and equipment. Its customers are national and multi-national businesses both in

NEWBOLD AND BURTON reports sales of £5.64m (£5.22m) for the six months to June 22. 1985, with taxable profits of £12.000 (£39.000). Tax takes £5,000 (£18.000) and earnings per share are 0.2p (0.5p). The results for the first six months are largely a consequence of a lower level of orders in some commanies during the early The vendor, Mr Jeremy White, will be alloted £500,000 and £200,000 worth of Britannia shares, credited as fully paid up, respectively. On completion of the deal Mr White will become a director of Britannia. companies during the early months, as stated in the last report and accounts.

director of Britannia. At December 1984 White White Group designs, sell and Group had net assets of £361,000. Date Corre Total Total of sponding for last div. payment payment year year

¶Adjusted for share sub-division. ||To reduce disparity.

of directors' families, has sold 1.5m shares at the same price, to leave it with 251,000 shares or

multi-national businesses both in the public and private sectors. The acquisition will provide Britannia with coverage through-out the UK in respect of CCTV

DIVIDENDS ANNOUNCED

B, Electronic	6		4.5	8	6
berdeen Constint.		-	22	<u> </u>	ř.25
ntofagasta ,int	5	Oct 18	5	_	20
entallsint		Nov 15	0.35	-	2.1
entral ITV#int		Nov 8	2.5	<u> </u>	10.5
lowding & Mills			1.5	2.8	2.45
rattanint.	2	Jan 6	1		3
Landersint.	21	Nov 11	2 .0	_	7.5
homas Marshallint.	18	Nov 1	1.2	_	2.4
cLaughlin;int,	2	Nov 8	2	_	7
ficro Businessint.		MQT 0	0 5¶	=	1.751
fills & Allen	19	Nov 26	10	16	14
Newbold & Burtonint.	154	1404 TO	1.54	70	3.08
& C Pacific Inv Tst int	7.5 7 2	_	1.5	_	3.75
etroconint	4	Oct 22	1.75	 5.25	9.10
lamar Textiles					4 =
horrocktint		Dec 5	1.5	1.65	1.5
		Nov 11	_		==
Vn. Sindaliint	311	Dec 6	2	_	10
tag Furnitureint		Nov 25	1.75	_	2.75
uperdrugint	2		1.7	_	42
lckersint.	5	Nov 6	4	_	10
Vatts, Blakeint.		Nov 29	1.37*	_	4.08*
Vhatman Reeveint			.68¶ ~		2
eorge Wimpeyint	0.85	Dec 27	0.85	_	3.25
V. W. Groupint	1.94	Nov 7	1.94	_	7.94
ork Mountint.		Nov 22	2		5
Dividends shown in pence	per sha	re except	where o	therwis	e stated.
Equivalent after allowing	g for sc	rip issue.	TUZ C	abitat ti	acreased
y rights and/or acquisiti	on issue	s. Jusmis	tock §	unquote	eg stock.

VICKERS MAINTAINS **PROGRESS**

RESULTS FOR SIX MONTHS ENDED 30 JUNE 1985

TRADING AND DIVIDEND

A summary of the unaudited consolidated results for Vickers P.L.C. for the six months ended 30 June 1985 is shown opposite.

At the Annual General Meeting in April I spoke of a steadier and more prosperous 1985. I am pleased to be able to report that the first six months of the year have confirmed this statement, with increased profit before taxation at £18.7 million, compared with £13.8 million in 1984.

Progress has been made across all our activities, and overall margins maintained. Forward contracts have provided stability against a fluctuating U.S.

The Board has declared an interim dividend of 5.0p (1984-4.0p) per £1 Ordinary Stock, equivalent, with associated tax credit, to 7.1p (1984-5.7p) gross. The interim dividend will cost £4.6 million and will be paid on 6 November 1985 to stockholders on the Register at 10 October 1985.

The development of our main businesses continues and, in addition, we have made two acquisitions. In May, Comforto, an internationally hased designer and manufacturer of office seating products, with factories in U.S.A., Germany and Switzerland, joined our Business Equipment activities. In September, TECA, a U.S.-based

manufacturer and distributor of electro-diagnostic medical equipment, was purchased and will add greatly to the strength in the U.S. market of the Medical and Scientific Equipment businesses.

Our Australian associated company is no longer making losses.

Our leasehold interest in Millbank Tower has been sold for £12.25 million and part of our freehold interest in the South Marston site for just over £3 million. BAJ Vickers has been sold through a management buy-out. Good progress is also being made towards the disposal of the Oyster Lane property, jointly owned with G.E.C.

The credit for extraordinary items arises from thesales of the properties and BAJ at values in excess of their original cost.

The Company's claim for increased nationalisation compensation was heard by the European Court of Human Rights in June. The decision of the Court is awaited and I have nothing to add on this subject at the present time.

Richard Cave, Chairman

1985 £m 292.6 21.3 (3.0)	1984 £m 270.8 19.4 (4.1)	Year 1984 £m 528.8 41.4
£m 292.6 21.3 (3.0)	£m 270.8 19.4	£m 528.8
292.6 21.3 (3.0)	270.8 19.4	528.8
(3.0)		41.4
	(1.1)	
	14.17	(8.4)
18.3	15.3	33.0
0.4	(1.5)	(2.2)
18.7	13,8	30.8
(4.5)	(2.4)	(5.4)
` _	1.0	1.0
14.2	12.4	26.4
(0.1)	(0.1)	0.2
14.1	12.3	26.6
7.6	(2.6)	(6.7)
-	(3.2)	(3.5)
21.7	6.5	16.4
(0.2)	(0.2)	(0.4)
(4.6)	{(3.7)	(9.2)
16.9	2.6	6.8
15.1p	13.2p	28.6p
	18.7 (4.5) 14.2 (0.1) 14.1 7.6 21.7 (0.2) (4.6) 16.9	18.7 13.8 (4.5) (2.4) 1.0 14.2 1.0 (0.1) (0.1) 14.1 12.3 7.6 (2.6) (3.2) 21.7 (5.5) (0.2) (0.2) (4.6) (5.7) 16.9 2.6

Six Months to



Profits cut by 50% at Micro **Business**

Micro Business Systems blames further pressure on margins in its microcomputer and terminal division for a drop of over 50 per cent in pre-tax profits to 5858,000 in the six months to June 30 against £1.74m last time. The fall came in spite of a 121 per cent increase in group turnover from £15.47m to £34.33m and performances in most divisions at or above target in both turnover and profits.

The group distributes and maintins minicomputers, micro-

computers and computer terminals and provides training for their use. for their use.

Mr Clive Richards, chairman, said in his annual report in June that the rapidly expanding business microcomputer market had led to severe stock shortages and a tightening of margins in the first half of last year. In the second-half, the strong market continued but, with shortages of stock turned into surplus, profit margins were further eroded.

Now he says although gross

Now, he says, although gross margins have not improved, the board has taken steps to improve net margins and thereby increase net profit performance.

The second-half, he says, will benefit from the recent relative strengths of the pound and, given normal seasonal demand and no further deterioration in gross margins, the board expects a re-covery over the first half.

covery over the first half.

Meanwhile, the interim dividend is maintained at 0.5p a 5p share covered by earnings a share of 1.45p (3.48p).

Operating profits were up to £2.19m (£2.03m) after depreciation of £2.19m (£513.000). Pretax profits were struck after interest charges of £1.33m (£294,000).

Current tax charges were £55,000 (£360,000) and deferred £287,000 (£422,000), leaving attributable profits of £517,000 (£1.06m).

comment

When a computer company that has debt of about £15m and shareholders' funds of £4m, reports profits slashed in half, it is not surprising if the jobbers reflex reaction is to mark the shares down by over 40 per cent. However, that Micro Business Systems had a flendish first half should not have surprised anyone. Margins on hardware sales (which make up about 70 per cent of turnover) throughout the industry are so low that many distributors of personal computers are by now operating at a loss. It is thanks to two factors that Micro Business Systems that Micro Business Systems that Micro Business Systems managed to make a profit at all during the first half. First, financial controls are excellent, and despite a large increase in turnover, debt is no higher than at year end, while the company is pulling in debtors faster and taking firm action to cut overheads. Secondly, the remainder of its business software, maintenance, etc., is still very profitable, and becoming more so. It is hard to imagine that margins on sales of personal computers can get any tighter, and Micro Business Systems looks better placed than many to survive the inevitable shakeout. If the company really can pull in £2.5m pre-tax for the full year, the shares are on a p/e of about 12, and down 27p at 50p may have hit the bottom.

ANTOFAGASTA HOLDINGS turnover fell from £7.26m to £6.2m in the half-year ended June 30 1985. Lower expenses of £3.48m (£4.79m) left operating profits at £2.72m (£2.47m). Associated companies contributed 5518,000 (£274,000), interest added £384,000 (£383,000) and other income £82,000 (£72,000). After £371,000 (£468,000) interest payable and an exceptional debit of £273,000 taxable profits were £3.04m (£2.73m). Tax took £506,000 (£582,000). Earnings were 38.7p (32.7p). The interim dividend is maintained at 5p.

CANDOVER INVESTMENTS, 21 canbovek investments, an investment company, recorded pre-tax profits of £260,000 for the six months to June 30, compared with £267,000 for the previous 12 months, on total income of £494,000 (£916,000). Earnings per share were 2.34p (3.42p) and net asset value 185.35p compared with 170p at December 31 1984.

WILLIAM SINDALL increased interim dividend to 3p (2p) to reduce disparity between interim and final. Turnover was interim and final. Turnover was £12.77m (£9.6m) and operating profit £321,000 (£316,000). Interest payable was up from £35,000 to £103,000 leaving taxable profits of £218,000 (£281,000). With tax of £13,000 (£8,000) earnings per share came out at 20.5p (27.3p).

> Wells Fargo & Company U.S. \$100,000,000

Subordinated Floating Rate Capital Notes due September 1997

In accordance with the isions of the Notes, notice is hereby given that for the faterest period 27th September, 1985 to 27th December, 1985 the Notes will carry an Interest Rate of 81.4% per annum. interest payable on the relevant

US\$208-54 per US\$10,000 Note. Agent Bank: Morgan Guaranty Trust Company of New York

Acorn rescue costs halve taxable profits at AB Electronic

THE RESCUE package for Acorn Computer cost AB Electronic Products Group 54.66m in pre-tax profits for the year to June 30, 1985. year to June 30, 1985.

Despite turnover advancing by 75 per cent from £69.72m to £122.07m, pre-tax profits fell by £1.6m to £4.03m because of the exceptional charge taken above the line. The charge represents the amount written of the debt. the line. The charge represents the amount written off the debt due by Acorn and provision for the anticipated losses on the completion of outstanding orders in the present year.

Against that has been set the £2.7m Acorn 10 per cent subordinated unsecured redeemable

loan stock which has been valued at part in arriving at the loss provided for in the accounts.

provided for in the accounts.

Without the exceptional item, profits would have risen by 54 per cent to £8.7m.

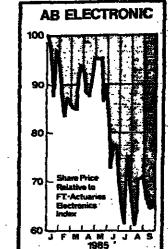
Earnings per share came out at 13.4p basic, against 23.9p, and 13.3p fully diluted (22.9p). Excluding the exceptional charge, net of tax relief, earnings would have been 28.8p (23.9p). The directors are proposing to raise the total payment for the year by 33 per cent to 8p (6p), with a final payment of 6p, against last year's 4.5p.

During the year, exports grew

During the year, exports grew 66 per cent to £13.4m and total foreign sales, including overseas subsidiaries increased by 65 per cent to £30m.

Capital spending rose from 8m to £15m, but is expected to be lower in the present year.

Directors say that exceptionally good performances were achieved in the subsidiaries concerned with electronic assemblies in Wales, where the group is based, and in microelectronics in Wales and Austria.



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Isle of Wight is being integrated with the larger defence elec-tronics business at Camberley, Surrey, which is to be expanded

comment

AB Electronics' troubles with Acorn have been well publicised. So while the company is a little shy about what impact losing £7.4m from each flow will have had on the balance sheet at the had on the balance sheet at the year end, the more recent payments by Acorn/Olivetti will have patched up some of the damage. More worrying for the longer term has to be the increasing dependence on IBM. Blg Blue is a tough customer, driving margins down and willing to pass any price cuts in as much of any price cuts in the computer market place as it can on to its suppliers. The chairman is warning already that in Wales and Austria.

They view the future with much confidence and forecast profits continuing to be satisfactory. The order book is 50 per cent higher than a this time last year. It is recognised, however, that the present state of the electronics industry throughout the world will create pressure on returns are likely this year and the prescriptional profits margin will almost certainly not be held at this year's 7 per cent level—this year's 7 per cent level—down on 1983-84. Hence while sales should continue to rise—perhaps to \$150m for this year. out the world will create pressure on margins.

A large extension to the German component subsidiary was opened in June, extensions to Page Aerospace Electronics are being completed and it is planned to enlarge the Austrian plant, where output nearly doubled in the past year.

The small operation on the sales should continue to rise—perhaps to £150m for this year——the forecast is for £9m pre-tax. On a 35 per cent tax charge this has the shares at 280p, up 22p, on a prospective multiple of almost 9. This may seem low for a once highly rated stock but much more cannot be expected given the IBM concentration.

AGB paying £4.5m for 31% Australian minority

Anderson Associates of Australia for AS9.4m (£4.68m).

It is being acquired through AGB's wholly-owned Australian subsidiary and is pursuant to agreements entered into when the original holding was bought

AGB is financing the purchase through \$2m of cash and around \$7.4m through an issue and placing of 1.5m new ordinary AGB shares.

The company has given an undertaking to the Australian Foreign Investment Review Board that it will offer 40 per

AGB Research is completing cent of McNair Anderson's the acquisition of the minority shares to Australian residents.

31 per cent interest in McNair McNair, says AGR, has an excellent growth record and has become an important profits contributor. It made \$4.4m in the 1984.85 year and the board also believes that prospects are good,

with the greatest potential for sustained growth lying in the marketing research area. In addition to this deal, AGB is placing 0.7m shares to satisfy the deferred consideration of £1.4m for the purchase of the outstanding 40 per cent interest in Langton Information Systems. The new ordinary to be placed for both deals will not rank for the final dividend in respect of the year to end-April 1985.



The Kingdom of Thailand US\$60,000,000 Floating Rate Notes due 2005

Electricity Generating Authority of Thailand US\$195,000,000 Floating Rate Notes due 2005

Petroleum Authority of Thailand US\$145,000,000 Floating Rate Notes due 2005

In accomisance with the terms and conditions of the above notes, notice is hereby given that Av the 6-though interest period from 25th September 1985 to 25th March 1986 (181 days), the notes will carry an interest tare of 57%% per annum

The interest parable on the next payment date, 25th March 1986, will be US\$10.605.47 per US\$250,000 nominal amount and US\$212.11 per US\$5,000 nominal amount.

Lloyds Bank International



The Kingdom of Belgium Floating Rate Notes Due May 2005

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 81/2% for the Interest Determination Period 27th September, 1985 to 28th October, 1985. Interest accrued for this Determination Period and payable on 29th November, 1985 will amount to U.S.\$1,749-13 per U.\$.\$250,000 Note.

Agent Bank:

Morgan Guaranty Trust Company of New York

UK COMPANY NEWS

Petrocon profits rise 8% as expansion continues

FOLLOWING a further period of expansion and reorganisation in the first half of 1985 Petrocon Group reported taxable earnings up by 8 per cent on turnover 31 per cent higher.

her 27 1985

LECTRONIC

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Turpover was £6.63m (£5.06m) with pre-tax profits of £765,000 (£721,000).

An increased interim dividend of 2p (1.75p) has been declared from earnings per 12.5p share of 7.68p (9.21p). Last year there was a total payment of 5.25p on pre-tax profits of £1.83m.

During the period the oil tool rental division made further progress with the opening of a new base in Bergen, Norway, and the formation of a joint venture with Enterra Corporation of the U.S. to rent and service a range of blow-out preventers in Europe.

In February a 51 per cent interest in United Testing Ser-vices was acquired and the company renamed Petrocon Produc-tion Services. The company's production testing and wireline services are to be expanded, the capital coming from Petrocon, with the result that the group will increase itse interest to 89.5

pected to be eliminated by the

A subsidiary has been established. Petrocoi Well Services, in which the group has a 79 per cent interest. It is expected to be generating revnue from its coiled tubing and well stimulation services before the end of the year.

In April Petrocon ODS was sold to Chadburn Engineering, resulting in an extraordinary credit of £270,000. Its activities in the supply of drilling equipment no looger fitted with the group's development strategy in high technology well servicing.

Petrocon Flotec started the year particularly well, say e directors, and benefited from the increased lovestment being made in the North Sea.

Petrocon Steel Services has improved output and profits despite a disruptive extension to its workshops.

It In Africa the associate Wasco opened a base in Mombasa, Kenya and in South East Asia contributed a small profit despite continuing market difficulties.

Group operating profits came out at £571,000 (£158,000) with tax taking £290,000 (£158,000) with tax taking £290,000 (£158,000) with tax taking £290,000 (£158,000) with tax at taxing fermed out at £741,000 (£552,000).

SUPERDRUG

Whatman Reeve on target to achieve planned growth

Aberdeen Construction hit

by overall contracting loss

Whatman Reeve Angel continued to progress during the first six months of 1985, recording rises of £2.18m in turnover and £461,000 in pre-tax profits.

The progress was achieved in the face of some weakening in the U.S. economy and the directors consider that the growth planned for the year should be realised. They add the outlook for the longer term continues to be promising.

was mainly due to a reduction in the rate of UK corporation tax, but also in part to the purchase but also in part to the purchase in July 1984 and the benefit of setting off tax losses brought forward against profits now being earned in Singapore. The Balston division increased its sales by 11 per cent while those of Whatman International advanced by 16 per cent. that the outlook for the longer term continues to be promising.

For the half year the group, a manufacturer and marketer of laboratory supplies, raised its turnover from £14.82m to £17m and its profits before tax from £2.2m to £2.67m. The interim dividend is being stepped up from an adjusted 0.68p to 0.82p.

Earnings per 5p share increased from an adjusted 5.12p to 6.51p. The improvement here

but also in part to the purchase by the group of some of its own shares in July 1984 and the benefit of setting off tax losses brought forward against profits now being earned in Singapore.

The Balston division increased its sales by 11 per cent while those of Whatman International advanced by 16 per cent.

The growth in group sales in North America slowed down in response to changes in the U.S. economy.

Both divisions achieved a "very satisfactory" rate of growth in the Far East.

The Balston division continued its programme of expansion both

in terms of geographical distri-bution and new product intro-

Marshall Corresion Control of

Marshall Refractories continues to be hit by the structural changes in the steel industry at home and abroad and by inadequate prices. Otherwise, all home-based companies have good order books and are operating near capacity.

Watts Blake profit up

in difficult half year

HIGHER interest rates and the depressed state of the building industry, accentuated by severe weather conditions both at home and on the Continent, adversely affected the volume of trading and production costs at Watts, Blake, Bearne & Company, producer of ball and china clays, in the first six months of 1885.

On turnover down from £14.92m to £14.1m, pre-tax profits on ordinary activities improved from £2.02m to £2.13m, struck of the total external sales, £10.26m came from exports and overseas trading.

In August, English China Clays said it had purchased 450.000 from £1.07m (£1.06m) and interest charges up from £10.000 to £30,000.

The interim dividend is raised from an adjusted 1.375p to

these activities will be profitable 2.3p.

Ramar

MANUFACTURERS AND DISTRIBUTORS OF LADIES AND CHILDRENS CLOTHING

Extracts from Mr. Michael Radin's statement for the year ending May 31st 1985

- Results An increase in profits before tax was achieved of £169,000 to £751,000 (last year £582,000). This represents an increase in profitability of 29% on a sales increase of 13%. An Ordinary Dividend of 1.65p per share (last year 1.5p) has been recommended.
- I would like to congratulate Mr. Roland Klein the Managing Director of Marcel Fenez Limited who achieved the distinction of designing the new range of British Airways uniforms.
- Future Prospects-We have commenced a new department for knitted garments. This is proving very successful and I am hoping that this development will provide profits within the half year, but most certainly within the full year.

Having achieved last year's profit forecast I am very confident that we shall again increase our profits next year.

Thos. Marshall recovery continues

Thomas Marshall (Loxley), manufacturer of fireclay refractories, continued its recovery by more than doubling pre-tax profits to £544,000 in the six months to June 30, 1985, against core and less time. £256,000 last time.

The group, based in Sheffield, says the recovery resulted from better earnings from exports, improved contributions from its Canadian and U.S. subsidiaries and its loss elimination pro-

Turnover rose to £8.75m (57.12m) and operating profits to £714,000 (£379,000). Interest payable was £170,000 (£123,000) and the estimated tax charge £190,000 (£26,000). There were no extraordinary items (£113,000), leaving attributable profits of £354,000 (£117,000).

The interim dividend is raised 0.6p to 1.8p covered by earnings of 6.31p (4.06p) a share.

Now, the group says, it looks forward to completing a year of

the U.S. moved into profit after big losses and Cokeless Cupolas a loss-making subsidiary, has

Aberdeen Construction Group for the year as a whole and has suffered a fall from £1.71m group profits overall will to £1.45m in first half taxable profits despite a £249,000 rise to £713,000 in interest received to end-June, 1985, the contract and astroctive activities. to £713,000 in interest receivable.

There was an overall loss on contracting due to losses incurred in civil engineering and building contracts occasioned by a combination of very keen pricing and far from favourable weather, the directors state.

However, they anticipate that there are in the contract and extractive activities produced satisfactory results and other operations contributed to an increase in profits.

First half earnings dipped from 5.65p to 5.1p per share—tax was down by £170,000 to £600,000—but the interim dividend is being raised by 0.1p to

Shorrock ahead of forecast

Shorrock, the electronic secu-rity specialist which came to the USM six months ago is paying an interim dividend of 0.58p per share, a 16 per cent increase or the prospectus indication.

Taxable profits for the half-year to June 30, 1985, rose £645,000 compared with £560,000 on turnover of £7.5m against £5.5m. Earnings per share were 2.0p (1.6p).

Dr Stanley Shorrock, chairman, says that the second half, tradi-tionally Shorrock's strong selling period, is expected to show the same trading pattern as in pre-vious years. This will enable the company to show growth in taxable profits for the year com-pared with £1.62m (before ex-ceptional item) recorded last

year. The chairman says the current order book is strong, approaching £6.5m compared with around £3m when the company was

Dowding & Mills rises to £3.5m

Dowding & Mills, the electrical and mechanical engineer, has increased full year profits from £2.61m. to £3.52m. pre-tax on turnover up from £21.31m to £25.04m.

The total dividend is being raised from 2.45p per share to 2.5p with a proposed final payment of 1.75p (1.5p) per share; a one-for-one scrip issue is also

After tax of £1.48m (£889,000) the net attributable profit was £2.04m (£1.72m) for the year to June 30 1985. The chairman says the current year has started satisfactorily and provided this trend con-tinues, results for the first half of 1985-86 will again be ahead of

McLaughlin ahead

Improved margins are reflected in the interim results from McLaughlin and Harvey, the Belfast-based builder and civil

engineer.
Turnover for the six months to June 30 was £28.05m (£23.46m) but pre-tax profits improved from £583,000 to £704,000. Tax takes £221,000 (£161,000) leaving earnings per share of 11.9p (10.4p) for the unchanged 2p interim dividend—the shares are traded on the USM.

Despite competitive market

Despite competitive market conditions the board is "reasonably confident" for the year as a whole. There is a marked improvement in the level of enquiries, particularly in the London area where margins showed a slight improvement.

Superdrug advances 27% to £4.66m

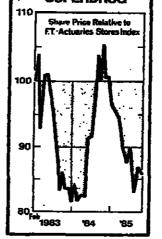
Superdrug Stores, the retail drugstore operator, has notched up a 27 per cent rise in interim profits, underlining the chairan's optimism expressed in his

Turnover in the six months to August 31 1985 rose from £58.76m to £75.01m and pre-tax profits increased to £4.77m against £3.66m. The interim dividend is up from 1.7p to 2p per share. per share.

The result benefited from a £143,00 rise to £38,000 in interest receivable, although a large slice of this was lost through an exceptional £104,000 debit this time mainly due to non-productive labour costs.
Tax was £1.82m leaving net attributable profits

of £2.84m (£2.97m). Earnings per share on the estimated tax charge were 8.11p (8.49p) and fully tax earnings per share were 7.55p (5.59p). comment

Superdrug continues to roll out impressive figures. Volume growth from existing stores came out at 9.2 per cent in the six months with physical expansion adding a further 13.5 per cent. Another film on the pretax line was just what the market wanted to see. Profits growth in the second half could be down to 10 per cent, however, as the costs of taking on the second



warehouse in Wakefield bites into the p and I account. Second half interest costs (to date capitalised) will offset the first's interest receivable and the depreciation charge will, of course, rise. Assuming profits of £10m pre-tax, and a higher tax charge of 39 per cent, the prospective p/c at 438p comes out at 25. That is sustainable because of the market's high expectations for 1986-87 which should drop the multiple into the 'teens.

Platignum progress upheld

All of Platignum's divisions traded profitably and, together with a £43,000 cut to £75,000 in interest payable, produced an overall taxable profit of £78,000 compared with a near breakeven £3,000 last time.

Turnover advanced from \$4.08m to £5.56m and earnings per share improved from 0.006p to 0.156p—there was again no tax and there are still no dividend payments. Discounting of a property loan brought about an extraordinary item of £119,000, but this will not be taken account of until the year-end.

There was a first-time contribution from John Barr but, as

Platignum, the manufacturer of pens and plastic moudings, made a further recovery in profits in the six months to end-July 1985 and the board remains confident of maintaining steady progress.

All of Platignum's divisions that the new pen ranges.

SECURITY EXCHANGE say 2,347,550 new ordinary shares have been subscribed for in response to the offer of August 29. The minimum subscription has been exceeded and the offer

> LADBROKE INDEX 979-983 (+1) Based on FT Index Tel: 01-427 4411

CENTRAL

CENTRAL INDEPENDENT TELEVISION PLC

Interim Results for the six months ended 30 June 1985

	Six months en	nded 30 June dited	Year ended 31 December	
	1985 £'000	1984 £'000	1984 £'000	
Turnover	72,793	68,606	152,203	
Groupprofitbeforetaxation	2,566	2,815	10,047	
Taxation	(1,128)	(1,138)	(3,980)	
Profitforthesixmonths	1,438	1,677	6,067	
Earningspershare	5.7p	6.7p	24.3p	
Dividend pershare	2.5p	2.5p	10.5p	

- O Turnover increased by 6.1% to £72.8m. Although the advertising market generally was less buoyant than had been anticipated, Central's market share and advertising revenue were higher than in the same period of 1984. Programme sales also increased
- Group profit before tax, at £2.566m, was 8.8% lower at the half year. This reflected the inclusion of certain high-cost programmes which will however generate overseas revenue in the second six months; the increased costs were partly offset by an allowance for levy.
- O The incidence of advertising revenue and costs is not uniform throughout the year and therefore the results for the first six months should not be taken as an indication of the final outcome for the full year.
- O An interim dividend of 2.5p per share (1984 2.5p) amounting to £627,000 will be paid on 8th November 1985 to shareholders on the register as at 10th October 1985.
- O The figures for the year ended 31 December 1984 have been extracted from the full accounts on which the auditors have issued an unqualified

Registered Office: Central House, Broad Street, Birmingham B1 2JP

"MORE EFFICIENT DEPLOYMENT OF RESOURCES PROFITABLE BASE."

George Wimpey PLC-Interim Statement 6 months to 30.6.85 to 30.6.84+ £m Turnover – Work carried out by the Group including attributable share of associates <u>651.1</u> Operating profit including share of associates 15.8 13.2 Interest payable less receivable 7.1 Profit before taxation 6.3 6.1 Taxation Profit after taxation 3.9 Extraordinary Item - Profit, less tax on the sale of shares in The Oldham Estate Company PLC <u> 15.3</u> <u> 13.5</u> Profit after taxation attributable to shareholders 17.4 **Earnings Per Share** <u> 1.6</u>p <u>1.4</u>p

†Six months to 30.6.84 restated to show the sale of shares in The Oldham Estate Company as an The Directors have decided to declare an Interim Dividend of 0.85p per share (0.85p*) totalling £2,393.600 (£2,393,600*) which will be paid on 27th December, 1985, to ordinary shareholders on the register at the close of business on 29th November, 1985. (*1984 Interim Dividend).

The Chairman, Mr C J Chetwood, comments: "For the six months ended June 1985 the unaudited profits before tax were £6.3m (compared with £6.1m for the first half of 1984).

"The improvement in operating profit is encouraging, having been earned against a background of the streamlining and reorganisation which I detailed last May in our Annual Report. The main courses of action which have been put in

hand to deal with our problems are gradually bringing about a more efficient deployment of resources. Our programme for establishing a firm and profitable base, from which to move forward and expand, is on course.

"Sales of Wimpey Homes in the UK are proceeding well and are currently 15% up on this time last year Legal completions of 4,400 were marginally down on the first six months but,

overall. we are in line with our target for the year.

"Negotiations for the disposal of the properties owned by Ariel International BV are continuing with several bids under consideration."



Engineering Construction • Development

George Wimpey PLC, Hammersmith Grove, London W6 7EN.

TRW Overseas Finance N.V.

8%% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture Dated as of October 15, 1971 among TRW Overseas Finance N.V., TRW Inc., and The Chase Manhattan Bank (National Association), as Trustee, \$1,747,000 in aggregate principal amount of the above captioned Debentures will be redeemed through operation of the Sinking Fund on October 15, 1985 (the Redemption Date) at the principal amount thereof (the Redemption Price) together with accrued interest to said Redemption Date.

٦	The se	rial nu	nbers	of the	Deben	tures t	o be re	deeme	ر. 1 الھ رائ	pearing	the Pre	lix M, a	re as fol	iows:						
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77	1910	625	3949 3950	4334 4336	484 I 491 I	5500 5502	6033 6034	6732 6733	8261 8263	9972 9974	10839	12515 12571	14981	16236 16245	16678 16680 16681	18299 18302	18887 18690	18993 18994	19212 19219	19665 19689
51 53	1917 1915	2696 2697	3954 3958 3960 3961	4343	5032	5503	6035	6833	8265	9975	10833 19836 19837 19839 10841 10844	12573	15001	16248	16681	18305	18691	18995	19220	19670
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Interest on said Debentures to be redeemed shall cease to accrue on and after the Redemption Date and on said date the Redemption Price will become due and payable on each of the Debentures called for redemption. Payment of the Debentures to be redeemed will be made upon presentation and surrender thereof, together with all coupons appertaining thereto maturing subsequent to the Redemption Date, at The Chase Manhattan Bank (National Association) in the Borough of Manhattan, the City of New York, or at the option of the holder at the offices of The Chase Manhattan Bank (National Association) in Frankfurt am Main, London, Milan and Paris; Kredietbank S.A. Luxembourgeoise in Luxembourg; Banca Nazionale del Lavoro in Rome; Amsterdam-Rotterdam Bank N.V. in Amsterdam; Banque de Commerce S.A. in Brussels; Swiss Bank Corporation in Zurich; Dresdner Bank Aktiengesellschaft in Frankfurt am Main; and Banque Rothschild in Paris. Such Debentures and coupons should be surrendered at The Chase Manhattan Bank, N.A., Sinking Fund Unit, 1 New York Plaza, 14th Floor, New York, New York 10081, or at the option of the holder, at

Dresdner Bank Aktiengesellschaft

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Coupons which shall mature on or before said Redemption Date should be detached and surrendered for

TRW Overseas Finance N.V. By: The Chase Manhattan Bank (National Association), as Trustee

Venture Capital Survey

Publication Date: Copy Date:

29 November 1985 15 November 1985

The Financial Times intends to publish a survey on Venture Capital. Subjects which will be discussed include Management Buy-Outs, USM, Corporate Venturing, BES and sources of Finance. For advertising details contact:

> Mark Lanigan FINANCIAL TIMES 10 Caunon Street, London EC4P 4BY Tel: 01-248 8000 Ext 4181

UK COMPANY NEWS

David Goodhart takes a look at Evered's interest in TI

Waiting for the Abdullah approach

THE Abdullah brothers' intensive lobbying of City institutions in recent weks was persuasively underpinned on Monday by Evered Roldings' more than doubled interim profits.

But Mr Raschid and Mr Osman Abdullah, respectively chair-man and chief executive of man and cher secretive of Evered, still have an uphill task in making their apparently incredible bid for engineering group TI appear credible to potential backers.

The figures speak for them-selves. Evered, the Surrey-based group, employs 2,800 people, last year turned over 263.4m and has a market capitalisation of £85m. TI, the Raleigh bikes and Creda cookers group, employs 29,000 people, last year recorded a turnover of £971.2m and has a market capitalisation

The brothers are continuing to keep everyone insuspense about the timing of any bid. Specula-tion stretches from a few days

to three months.

Meanwhile, delay is at least allowing some more of the speculative froth to come off the TI sharep rice—pushed up in the course of Evered's rather incompetent acquisition of its 20.1 per cent stake.

Arab families—in particular the Zahid family—now own about 20 per cent of Evered. But Robert Fleming, its financial adviser, discourages speculation that Arab money will play any significant part in the bid when ciff) it is made.

Despite their pames. Raschid and Osman are authentic sons of the substray home accusities.

Company had lost \$4.2m in the previous three years but still cost Evered over \$10m.

The Abdullah's had prepared the tearlier they topped that earlier this year with a \$2.5m rights issue which most commentators reports and every this year with a \$2.5m rights issue which most commentators are sumed would be used to impreve the most own that has instead been used to buy TI shares.

The methods and thetoric of the result of management accounts. The deal but which has instead been used to buy TI shares.

The methods and thetoric of the result of management skill so much as financial manipulation—with the sale of assets, heavy write-downs of assets, heavy write-downs of assets. Despite thei rnames. Raschid and Osman are authentic sons of

and Osman are authentic sons of the suburban home counties. In 1971 they set up their own roofling business—sold in 1976.

It had, says Raschid, provided them with invaluable lessons which still mark their management style. "It was very much a financial operation, we owned very little plant and equipment. We even hired the ladders."

In 1981, when the brothers took over Evered at the head of a 30 per cent Arab stake the company, had lost money in six of the previous eight years. But with the low point of the recession just passed the timing was good.

The turnover was £9m in 1981 when the company lost £318,000. By the year-end December 31. 1984 turnover was £63.4m and pre-tax profits £3.44m — with nearly £7m expected this year. As with some other market-favoured smallish engineering companies — such as F. H. Tomkins — the growth has been driven by rights issues and acquisitions. First acquisition was Hawkins

and Tipson, the rone products firm, bought for £3.8m in 1983, preceded by a £730,000 rights issue at the end of November 1982. The next, and biggest step.

ng company, Brockhouse. The make him accountable," says company's image.

and get to work on remotivating' people from which they practice their cost-cutting/decentralising management philosophy. interest savings from rights

They have a tiny head office assets, heavy write-downs of staffed by only six or seven stocks (and fixed assets) and

'The essence of our approach is

that we like to strip everything

sure the right man is at the top

Osman, who sets the targets and budgets and does most of the talking on management issues, says: "The essence of our approach is that we like to strip everything back to commonsense. We make sure that the right man is at the top and set to work on remotivating—in get to work on remotivating—in a lot of companies people have just lost confidence in making

Raschid and Osman, the brothers

The pattern after a take-over has been: central administration is slimmed down, companies and properties are sold off and the remaining units are turned into profit centres.

issues.
Consequently, the argument runs, underlying profit has been minimal and growth will trail off unless Evered stays on the

off unless Evered stays on the take-over-spiral.

One piece of evidence is the serious qualification of the Brockhouse accounts for the 15 months to December 31 1984. Anditors Ernst and Whinney in effect said they could not make a judgment on the losses and profit over that period—because they could not discover how much of the write-downs related to earlier periods.

As a loss of £5.5m in the first eight months was turned into a profit of £2.25m in the seven months after Evered took over, that appears a problem for the

II also points out that, in the seven mouths between the publi-cation of the last independent Brockhouse accounts and the Brockhouse accounts and the company's appearance as an Evered subsidiary, the acquisition's net assets were reduced b

Figurers F.T. CR

Rajue's court

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The Abdullahs calmy acknow ledges it made substantial write-downs and points out how much revaluation was seriously over-due. "There were produce ranges they had closed down that they still had at full value in the books," says Osman.

On the qualification: Ernst and Whinney were involved in the Brockhouse take-over and did not subsequently qualify the on not sucsequently quarry the Evered accounts—despite the fact that two-thirds of the profit came from Brockhouse. It is therefore clearly not material says Osman.

sny Usman.

The brothers say Brockhouse is a case stury of Abdullah revitalisation. They describe how several of the companies—such as Brockhouse Maxwell Bus Transmission—were stripped back to basics shorn of expensive buring departments and in the back to hasses, shorn or expensive buying departments, and in the last mentioned case given new leadership by Mr Keith Hawes, a single-minded senior engineer and just the sort of "nuts and bolts" man they like.

bolts" man they like.

There is little doubt that the TI/Warburg campaign has hurt a little. "It has certainly sown a few seeds of doubt but it is also noticeable that TI have not been defending themselves with their own record," said one analyst.

Evered's earnings per share have consistently improved and the market has shown it is quite happy with acquisition-led happy with acquisition-led erowth by small industrial bolding companies. TI/Warbarg, meanwhile, complains about the short-time horizons of the insti-

The mor esubstantial worry is whether the experience of managing a company the size of Evered—with only three fullume directors—equips the brothers to provide new impetus to the struggling TI. back to commonsense.... We make

warburgh rather loftily (and perhaps inadvisedly) points up the contrast through the fact that while only one Evered employee earns more than £30,000 a year, more than 50 TI managers are in that bracket.

The Abdullahs reply that, apart from Raleigh, most of TI consists of relatively small units allormade for their approach. tailor-made for their approach. But it is the bigger units that have been TT's headache.

TI continues to underperform but a start has been made in shaking it up and decentralisa-tion is already quite advanced. The Abdullah claim that they would decentralise more and "free up" middle management is a little vague. Hanson Trust,

New products help Stag Furniture advance 16%

BOARD MEETINGS

FOLLOWING the problems and payment of 1.75p has been closure costs of last year, Stag declared. Last year a total of Formiture Holdings has seen an 2.75p was paid on pre-tax profits improved start to the present of £607,000.

Mr P. V. Radford, chairman, Mr P. V. Radford, chairman, says the first four months were difficult with the group working well below capacity. But following an enthusiastic reception for new products launched at the London Furniture Show there is now a full order book and taxable earnings for the first half of 1985 showed an increase of 16 per cent.

Turnover was down by 22 per

Turnover was down by 22 per cent from £19.57m to £15.36m. largely reflecting the closure of the loss-making Yatton factors, for which provision was made in last year's accounts. Pre-tax profit rose from £361,000 to £420,000.

TODAY

The property plant and stock at Yatton were realised in excess of book values and this will be reflected in the full-year

Mr Radford says that the corganisation referred to in the reorganisation referred to in the annual report is almost complete. He adds that the group is in a strong financial position and the second half started satisfactory.

With no tax charge for the period, against last year's £153,000, the net profits figure is more than doubled at £420,000 (£208,000). Dividends took a total unchanged £264,000, leaving the amount transferred to reserves at £158,000, compared with \$55,000 compared From earnings per share of with 256,000 coming from 3.8p (1p) an unchanged interim reserves last time.

FUTURE DATES

Manders rises to £2.04m

Pre-tax profits of Manders (Holdings) are higher at £2.04m, compared with £2.01m, in the first six months of 1985.

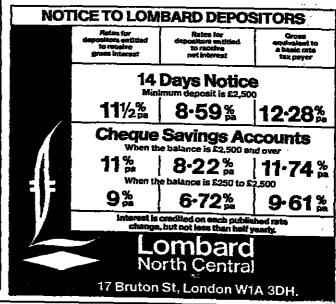
Profits in the UK paint and printing ink division showed a decline from £817,000 to £728,000, but this is offset by the overseas printing ink side up from £56,000 to £225,000; and a higher property contribution of

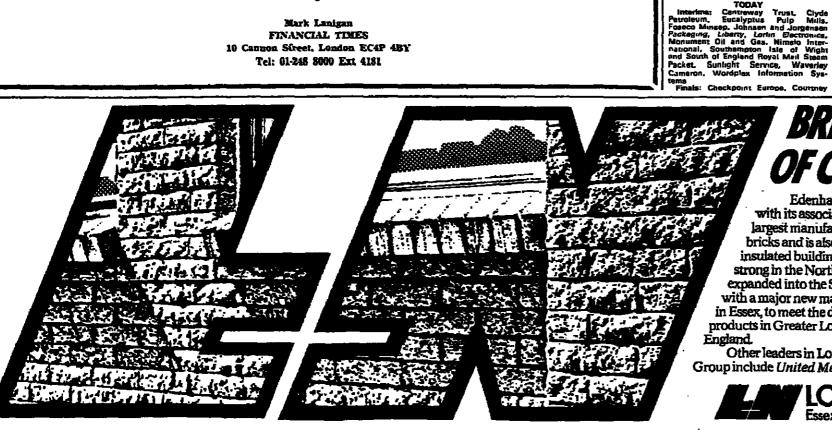
(£252,000).

The tax charge is £880,000 (£940,000) leaving earnings pershare of 7.6p (7.3p). The interim is 2.1p per share (2p).

The directors say that in the decorative division a rapid increase in the cost of raw material for decorative paint was accompanied by intense competition for volume, demonstrating the excess corneits. starting the excess capacity existing in that industry at present.

The industrial activities of higher property contribution of \$904.000 (\$880,000). Finance earnings were £181,000 towards the end of 1984 have been merged into the activities of the industrial division and they contributed some £2m to the first half turnover and about £100,000 of profit.





BRITAIN'S LEADING MANUFACTURER OF CONCRETE FACING BRICKS.

Edenhall Concrete Products together with its associate companies is Britain's largest manufacturer of concrete facing bricks and is also a market leader in insulated building materials. Traditionally strong in the North, Edenhall has recently expanded into the South of England with a major new manufacturing plant in Essex, to meet the demand for its products in Greater London and Southern

Other leaders in London and Northern Group include United Medical Enterprises,

Britain's leader in the fast-growing world healthcare market; McMillan Offshore, suppliers of specialist personnel to the North Sea oil industries; Blackwell/Tractor Shovels, Britain's leading independent earthmover; Steel Stockholders, Britain's leading steel profiler, and Weatherseal Windows, pioneers in domestic double glazing

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6 Put damper on record that puts years on us (10)

7 Break out of a prisoner

8 Acquit but banish overseas

9 Wantonly set cap with such

14 Shades of having celebrated

17 Damaged man's right tendon

18 Child has hard lines fighting men on foot (8)

21 Impressionist — with regard to his gloomy following (6)

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22 Court card? (6)

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- 27 Cheeky drops in such rents 26 His earthwork consists of 28 Miser fell at Welsh town (9)
- 29 Take fresh stock for rating?
- 36 Tiger-cat to damage camp (6) DOWN

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- 3 I would take them to be contracted with the same
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Contracts and Tenders

ASEAN SECURITY PAPER MILLS

INVITATION TO TENDER

Following the 17th meeting of the ASEAN Economic Ministers in Kuala Lumpur, Malaysia, on the 7th to 9th February 1985, ASEAN Security Paper Mills has been authorised to produce a range of currency and high security papers to meet the demands of the ASEAN countries.

Applications are invited for tendere for the "rumkey" supply of papermaking plant, excluding buildings, civit works and provision of site services, sized to produce mould and foundrinier made papers with the necessary paper finishing and respection plant to suit the present and future consumption of currency and security papers for the ASEAN countries. Start up is targetted for the third quarter of 1987.

The product range to include the following paper grades: banknoles, passports, cheques, stamps, lottery tickets, bonds, traveller's cheques, legal and vehicle documents, licence and registration documents, etc.

Preference will be given to bidders offering the latest high technology paper making machinery & systems, which will probably include paper machines, fully computerised to monitor and/or control drying, opecity, caliper, dimensional stability, surface finish and equipped with forming cauper, dimensional stability, surface finish and equipped with forming devices for security and currency paper production. The machines will probably comprise a found interest section with controlled drainage elements, sophisticated watermarked dandy roll, a controlled drainage mould former with auto security thread system, closed draw press section with controlled camber press rolls, constrained and non contacting air foil drying, size presses, dry end finishing, data highway operator control system and the latest auto feed devices.

Off machine finishing system, tailored to suit the requirements of the range of security and currency papers, including controlled tension winders, precision sheeters and a banknote sheeting line fully equipped with laser scanning and other security devices.

currency and high security papers and applicants must be able to demonstrate their capabilities in this field and must specify the services they can offer to support the plant, including start up, commissioning,

Interested companies must confirm their intention to tender in writing before 7th October 1985, accompanied by a tender deposit of Sterling 25,000 in the form of a Cashier's Order, Bank Draft or Bank Guarantee which shall be returned if the tender is unsuccessful.

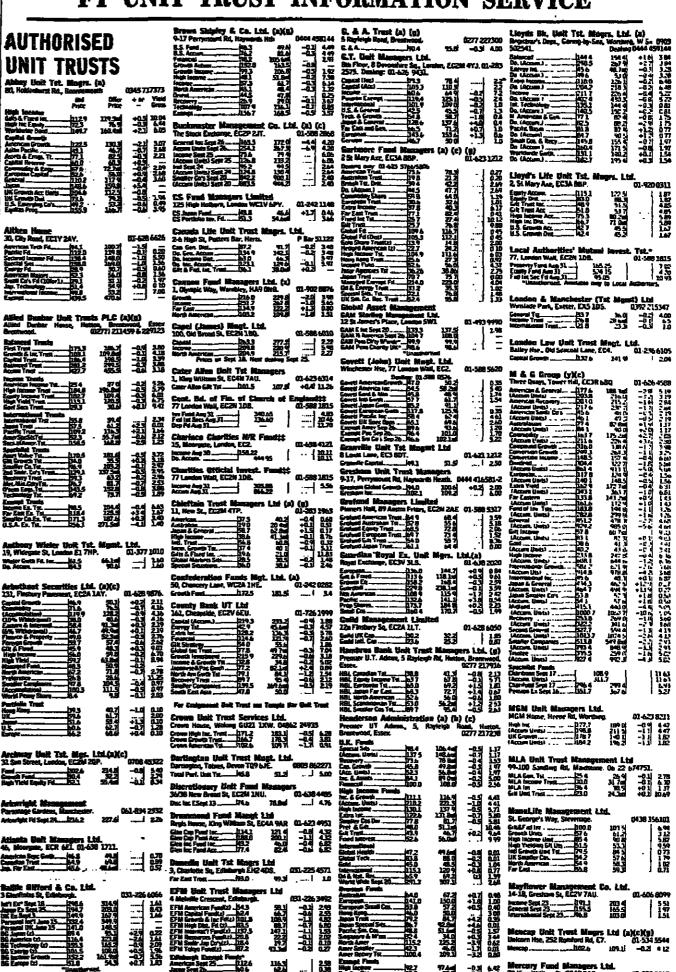
Each tender must include a fully detailed, comprehensive offer with full technical drawings and specifications together with commercial conditions. Agents and local representatives will not be entertained.

ASEAN Security Paper Mills does not bind itself to accept the lowest or any tender nor will it be responsible for any costs incurred by tenderers.

Tenders must be submitted in writing before 30th November 1985 to:

M/S. C.K. Leong & Co Advocates & Solicitors 85 Jalan Ctarke







REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic) MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES (Ministry for Energy & Chemical & Petrochemical Industries) ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

(National Oil Exploitation Company) NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 1187/1]/MEC

The National Oil Exploitation Company is launching a National and International Open Call for Tenders for the supply of the following:

— Spare parts for CLARK Cranes.

Tenderers interested in this Call for Tenders may obtain the specifications from the

ENTREPRISE NATIONALE DES TRAVAUX AU PUITS (ENTP) 16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH,

Direction des Approvisionnements (Supplies Division) for the amount of 400 Algerian Dinars, with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a closed double-sealed envelope by registered mail to the Secrétariat de la Direction des Approvisionnements (Secretariat, Supplied Division) at the above address.

The outer envelope should bear no mark that might identify the tenderer, or any 'heading, and should read: "AVIS D'APPÉL LA CONCURRENCE OUVERT NATIONAL ET INTERNATIONAL No. 1187/1]/MEC—CONFIDENTIEL—A NE PAS OUVRIR" (National and International Open Call for Tenders No. 1187/1]/MEC—Confidential—Do Not Open). Tenders must be received within 45 days after this notice is published. Tenderers shall be bound to their offers for a period of 180 days after the closing date of this Call for Tenders.

Company Notices

TO THE HOLDERS OF KYOTARU CO LTD - USS30.000.000 31; per cens Convertible Bands 1995



C. ITOH & CO. LIMITED

...Personal NIOT CARSER TRAINING, Our full one year courser start to October at Craneted, overing all thing and ground instruction for provinglend licences for appropriate of the course of the cou

Clubs

Art Galleries



REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES (Ministry for Energy & Chemical & Petrochemical Industries) ENTREPRISE NATIONALE DES TRAYAUX AUX PUITS (National Oil Exploitation Company)

NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 1186/1]/MEC

The National Oil Exploitation Company is launching a National and International Open Call for Tenders for the supply of the following: Spare parts for FIAT 300 PT Tractors.

— Spare parts for FIAT 300 PT Tractors.

enderers interested in this Call for Tenders may obtain the specifications from the

following address: ENTREPRISE NATIONALE DES TRAVAUX AU PUITS (ENTP)

ENTRETRISE MATIONALE DES TRAVAUX AU PUITS 16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH, ALGIERS, ALGERIA

Direction des Approvisionnements (Supplies Division) for the amount of 400 Algerian Dinars, with effect from the date on which this notice

Offers, of which five (05) copies should be prepared, must be sent in a closed double-sealed envelope by registered mail to thte Secrétariat de la Direction des Approvisionnements (Secretariat, Supplied Division) at the above address.

The outer envelope should bear no mark that might identify the tenderer, or any heading, and should read: "AVIS D'APPEL LA CONCURRENCE OUVERT NATIONAL ET INTERNATIONAL No. 1186/11/MEC—CONFIDENTIEL—A NE PAS OUVERR" (National and International Open Call for Tenders No. 1186/1]/MEC-Confidential-Do Not Open). Tenders must be received within 45 days after this notice is published. Tenderers shall be bound to their offers for a period of 180 days after the closing date of this Call for Tenders.

NOTICE OF PUBLIC OFFERING OF SHARES AND ADJUSTMENT OF CONVERSION PRICE

ANNOUNCE THE FOLLOWING:it has been determined at a board ecting that the interim dividend for the ar ending Sist March, 1985 shall be the september, 1985 and that the object and time of payment thereof shall decided at a board meeting to be held d-Novamber, 1985. HAMBROS BANK LIMITED 17th September, 1985

Legal Notices

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IN THE MATTER OF JESTER TOYS & GAMES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985 THE COMPANIES ACT 1965

NOTICE IS MEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of October, 1955, to send in their full Christian and sumames. The addresses and exertiptions, full particulars of their debts or claims, and the names and addresses of their claims and addresses of their Solicitors (if any), to the undersigned PATRICK WALTER JOHN HARTIGAN of 1 WARDROBE PLACE, CARTER LANE. LONDON ECAV SAJ the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice or in default thereof they will be accluded from the benefit of any distribution made before such debts are proved.

Dated this 19th day of September, 1985. P. W. J. HARTIGAN (FCCA), Liquidator

EVE has outlined the others because of a policy of fair play and value for money Supper from 10-3.30 am. Disco and too musicians, glamorous hostesses, exciting floorshows. 189. Repent St. 01-734 0557.

ROWSE & DARSY, 19. Cork Street. London, W1. 734 7984. CHRISTOPHER

258 038 +03 213 +12 030 Barcioys Unicera LtsL(s)(c)(g) Unicera Ho. 252, Reseled Rd., E7. 湖湖 0242521311 70.7 -0.4 315 Grove Funt 1616 70.9 -0.0 3.15 tecore Funt 50.6 65.6 -0.3 6.6 Hessesses Unit Trest Managers Ltd. 30 Frier St. Reading, Berts. 0734 595511 22 ··· 22 Hexagon Services Ltd. 28 Western Rd., Rossford RM1 3LB 99.3 7.80 Ama Frient ... 99.5 330 Campa Gray. 1389 1447 1041 1120 Camera Gro in 1200 HBH Semmel Unit Test. Migres. 7 (a) 45 Beach St, EC2P 21.X. Equitable Units Administration Ltd 35 Footian St., Manchester M2 2AF 061-296 5685 48.7 52.9 59.7 55.84 300.6 51.2 | 10 | 458 9002 | Tauli in Tas. | 50.9 | 50.0 | 50.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | I.B.J. Septrity Gitt. 153.8 South Keep Fund Managers, Ltd. (a)(g) 35, Fountain St, Manchester M2 267. Key Equity 6 Dec. 163.0 175.3 Key Instant Fund ... 164.1 178.7 Key Fund let. Pd. 157.3 61.648 -0.9 0.36 +1.0 0.66 +1.0 0.66 -1.0 0.66 -1.0 0.65 -1.0 0.65 -1.0 0.65 -1.0 0.65 -1.0 0.65 -1.0 0.65 -1.0 0.65 -0.4 4.9 20, Freedwich St, EC3.

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Since July

Coffee talks finally get down to **business**

By Andrew Gowers

DELEGATES TO the International Coffee Organisation were yesterday inching into a discussion on coffee export quotas and prices to be applied over the next 12 months, with producers and consumers still deeply divided on almost all the issues before them.

The meeting of the ICIO council has been going on in London for nearly two weeks but serious talks on the key questions of exports and price levels have been held up because of the insistence of leading consumers that other issues, such as the non-fulfiment of export quotas in the first part of the coffee year, should be settled first.

There is now every sign that the council meeting will extend well into the weekend. ahead of the expiry of the present coffee year on Mon-

During an informal meeting of delegates yesterday, sug-gestions for the global export quota level ranged from 55m bags of 60 kg. as originally proposed by producers, to 61m bags, from some con-

ideas were also in the air, including mechanisms for adjusting the quota as the year progresses if prices rise sharply as a result of supply shortages. One proposal from snortages. One proposal from the Guatemalan representa-tive, for example, suggested an initial quota of 55m bags, coupled with the possibility of two increases of 1m bags each once the price rises above 125 cents a pound and 130 cents

The price is presently below the ICO's theoretical floor of 120 cents a pound, and producers are keen to get it back within the official

ing of dropping the bottom end of the price range, and producers mooted the possi-bility of raising the whole range by 5 cents, but without any great conviction on either side that the prices which have pertained for the last fire Years need to be changed five years need to be changed.

"There's always been this split in the coffee agreement between those who believe you ought to follow the market and those who say you ought to lead it," said terday. Discussions today and over the weekend, therefore, are likely to focus on precisely where in the ICO range prices should be aimed.

On the question of nonfulfilment of export quotas-a erious concern to consumers last year, when there was a shortage of robusta coffees suggestione that those countries which under-ship in the first part of the coffee year should be penalised, or that those which ship the full amount should be rewarded. apprared to be receding.

This was a bone of contention earlier in the meeting, with the U.S., in particular, insisting that it should be resolved before there was any publishers Agra-Europe, he said posals for action in the cereals there was some enthusiasm for sector.

Malaysia and Indonesia set to step up price war

BY WONG SULONG IN KUALA LUMPUR

THE STAGE is now set for an acceleration of the commodity price war between South-east Asian producers, following the failure of the region's two commodity giants, Malaysia and Indonesia, to reach an understanding on restraining their production to check sagging prices.

I land, in commodity exports beinterest, when the prevailing interest, when the prevailing interest rate in the country is around 25 per cent.

Datuk Leong said this had the effect of encouraging rubber consumers to sell their stocks for cash to Intro, and buy rubber from Indonesia on credit. Such a development could be regarded as "reverse subsi-

prices.
Datuk Paul Leong, the Malaysian Minister of Primary Industries, who held two days of discussions with Indonesian economic ministers in Jakarta earlier in the week, said in Kuala Lumpur yesterday that while the two countries agreed while the two countries agreed there was an oversupply of such commodities as rubber, tin, palm oil and timber, they had differing views of how the problem should be tackled.

Malaysia would like to see producers co-operating and co-ordinating their production to match world demand. But Indeed the product of the ricer that these

should be competition to reduce production costs, while more efforts should be placed on research and marketing to en-courage greater consumption.

GOOD WEATHER for harvest-

tonnes in a poor year and 250m tonnes when the climate is good.

The warm, dry weather should also help the cotton crop in central Asia, where harvesting started two weeks ago.

BY OUR COMMODITIES EDITOR

to key components of its Green Paper on reforming the Com-



Datuk Paul Leong, Malaysia's

ing the effectiveness of the price stabilisation measures of the International Natural Rubber Organisation (Inro).

The overall picture for animal

55m tonnes of grain in 1984-85. Increased slaughtering ensures that the amount of meat in the shops has increased, having totalled 17m tonnes in 1984.

In its Green Paper earlier this

year, the Commission argued that a more market-oriented

Such a development could be regarded as "reverse subsidies" to the rich countries.

Datuk Leong warned of the danger of a collapse of various international commodity agreements and said: "These agreements, and said: "These agree-ments are not designed to be effective during prolonged economic recession and structural surplus situations." He told Malaysian commodity producers that they must accept the realities of the market

place.
While placing emphasis on quality, they must also strive to low-cost producers "in be low-cost producers "in order to be able to compete with

other producers."

The Minister also announced that a high-level Malaysian rubher mission would leave soon for a promotion tour of the U.S.

Datuk Leong's visit to Jakarta came in the wake of increasing Malaysian concern about strong competition from its ASEAN partners, Indonesia and Thai-

Irish likely **Good weather boosts** to get cheap Soviet crop outlook **EEC** grain

EMERGENCY AID for Ireland's ing in recent weeks in the southern Ukraine and North Caucacus, key areas for the total, is also considerably brighter than in 1984, and could up on last year, say agricultural specialists in Moscow.

The overall picture for animal feedstuffs, of which grain only provides 40 per cent of the total, is also considerably brighter than in 1984, and could up on last year, say agricultural specialists in Moscow.

The overall picture for animal feedstuffs, of which grain only provides 40 per cent of the desirable provides 40 per cent of the considerably brighter than in 1984, and could up on last year, say agricultural specialists in Moscow. livestock industry looks certain to be authorised by the Euro-pean Commission after heavy rains slashed output from this year's harvest of feed grains.

Mr Frans Andriessen, the EEC Farm Commissioner, has told his Commission colleagues that he is preparing plans to allow 125,000 tonnes of feed grains to be sold to the Republic at rates 25 per cent below intervention prices. The move aims to keep beef and dairy farmers fully supplied, thus reducing slaughtering at a time of glut on the beef market.

The grain is likely to come from UK stores with as much as Ecu 3m (£1.71m) to cover as ECU 3M (EL7IM) to cover additional transport costs. The British government is seeking similar support for Northern Ireland with a figure of 40,000 tonnes currently understood

be under discussion. Acceptance of the package will depend on backing from the Commission, and also on endorsement from Agriculture Ministers at the Farm Council. But the Commission, at least, is expected to approve the plan.

Paper on reforming the Common Agricultural Policy.

Mr Graham Avery, agricultural adviser to Mr Frans
Andriessen, the European farm commissioner, said EEC farm ministers had shown "practically no interest" in the Commission's proposal for direct income aids to farmers who income aids to farmers who A refusal to support the measures would almost inevitably lead to higher slaughtering of Irish cattle. Market prices for beef are currently running at only 60 per cent of the guide price or 20 per cant

income aids to farmers who would be particularly hard hit agreement among ministers, desuged by its favoured policy of cutting pite the Commission's much heralded reform initiative, was heralded reform initiative, was through heavy importation costs when intervention on the hostility to the idea from underlined ta an informal meet-farmers' organisations across ing earlier this week. through heavy importation costs | High grade Unofficial | + or |High/io on the nostifity to the idea from underlined is an informal meet farmers' organisations across ing earlier this week.

Europe.

But speaking at a seminar in Commission had not yet made carcasses to ease the price presument of through neavy importation costs at a time when intervention stores are about to accept whole carcasses to ease the price presument of through neavy importation costs at a time when intervention stores are about to accept whole carcasses to ease the price presument of through neavy importation costs at a time when intervention stores are about to accept whole carcasses to ease the price presument of through neavy importation costs at a time when intervention costs are about to accept whole carcasses to ease the price presument of through neavy importation costs. now exceed 800,000 tonnes—a

anthracite are running low, par-ticularly from increasingly aged capacity in South Wales and

Cermany. In order to reverse this trend and to satisfy de-

LONDON **MARKETS**

TIN AND nickel were the main features of a generally lower base metals market on the London Metal Exchange the London Metal Exchange yesterday. With only light buying support evident from the International Tin Agreement's buffer stock manager Wednesday's modest rally was easily wiped out and a fall of £132.50 a tonne took the cash tin price to £8,642.50 a tonne, £524 below the level rolling a week earlier. Cash a tonne, 1222 below the tever ruling a week earlier. Cash nickel's £100 fall took the price to £3,005 a tonne, the lowest level since early October, 1983. Dealers said market conditions were

October, 1983. Dealers said market conditions were extremely thin. Among the softs the cocoa market was also quite sharply down, following New York's lead, but coffee values were somewhat firmer. November coffee futures closed £13.50 higher at £1,597 a towne after another day dominated by currency considerations.

LME metals prices supplied by Amalgamated

И 1	Taumg.		Cash h Grade	LC976.75	-3	12 LO2	١
	METALS		Gold Troy oz Lead Cash 3 mths Nickel	2277.5 2286.25	—6,25 ,—5,67	£304	
JN	IINIUM		Free Mkt	\$101,60 \$516,10 \$280,290	+3.65	\$339 \$339	
	Unofficial + or close(p.m.) - £ per tonne	High/low	Silver tray oz S months Tin cash 3 months	427,20p 438,90p £8642		£908	
ths	683.5.4.5 '+2 705,5 6 '+2	707/704	Tungsten	870.68 854.68		!878.0	
), ti	closing (em): Ca hree months 7055 683.5 (687). F 5.5. Turnover: 9,7	(7065), inal Karb	3 months Producers OILS	\$463,5 \$830	<u>-6</u>	2501 2830	
			Paim Malayan	8452.50 8565	[_B	830	

INDICES

REUTERS

DOW JONES

FINANCIAL TIMES

sep. 26 Sep. 24 Mith ago Year ago

251.46 251.52 250.19 288.35

Sep. Bosep. 25 Mith ago Year ago

1701.41698.8 1675.9 1871.4

(Bass: September 18 1931 = 100)

Spot 112.11 111.49 — 124.49 Fut. |214.39 114.03 — |124.69 (Base: December 31 1831 — 100)

MAIN PRICE CHANGES

COPPER

aber area	le Unoffic'i	+or		Soyabe
And Alex	close	- His	Molide	GRAINS
esh monthe	950.5-1.8 976-7.5	-3 981 -3 981		Barley Maize Wheat
65.5-6). 1	closing (an	e 9765 (980-1).	No. 2 H
100 ment 1 5-76.	952 (9 56) . I	Lugi Valo	. Closes.	Cocca i

Official closing (am): Cash 938-43 (941-2), three months 962-3 (968-7), settlement 842 (942). Turnover: 9,825 tonnes. U.S. Producer prices 64-50-68

	Unoffic close(p.i £ per	lai + or n.) - tonhe	<u> </u>
Cash	277-8	⊢6.25	285/282
3 months	286-,5	⊢6,87	285/285
Official	closing	(am): Ca	sh 2825
(284-5).		nths 2905	(2935).

NICKEL

	Unofficial + or close(p.m.) - £ per tonne	High/low	7.5
Cash	3000-10 -100	3060/3810	
5 months	3045-50 :-97,5	6148/3020	
Official	closing (am): Car	sh 3,045-50	1
(3,110-20),	three months 3,05	90-5 (3,155-	
60), settle	ament 3,050 (3,12	9), Final	
Kerb close	a: 3,115-25. Turn	over: 1,632	

ZINC

gh grad	Unoffic close(p	dal + or .m.) — er tonne	Hig	h/low	£10- stron poun Lamb
ssh months	453 4 483-4	<u>⊢</u> 6	4	60 —	trigge ings witht
Official .	closino	(am): (`ach	455.7	

Official Closing (am): Cash 455-7 (461.5-2), three months 465-6 (468.5), sartiement 457 (462), final Kerb close: 485-5.5. Tumover: 12.200 tonnes. U.S. Prime Western: 38-38.75 cants a pound.

111311 37 333	close(p.m.) £ per to	niue -	for day
Cash 3 months	8640-5 8690-5	- 182,5 121	8605
(8.675-80),	losing (em three manth nent 8,870	18 8,610	5 (8,615-
Standard		<u> </u>	
Cash 3 months	8640-5 8590-5	-182,5 8 -1188	975:8670 870:8550
(8,675-80). 20), settle	losing (em three mont ment 8,670 8,550-55.	15 4,610 (8,660) Turnov	-5 (8.810- Finel

GOLD Gold rose \$12 an ounce from Wednesday's close in the London builion market yesterday, to finish at \$125-329. The metal opened at \$1304-3311, and traded between a high of \$3311-332 and a low of \$2274-3281. Gold finished around the middle of the day's range and failed to take advantage of a weeker doller. GOLD BULLION (fine ounce) Sept 25

Krgrind 3333 4 534 4 14 Krug. \$175.175 4 14 Krug. \$175.175 5 14 Krug. \$36.95 4 1/18 Krug. \$36.36 4 Mapletent \$359.539 5 New Sov. \$781: 794 12New Sov. \$47.47 4 Old Sov. \$881: 94 \$20 Engle \$460 600 Noble Plat \$325.528 12

SILVER

Silver was fixed 3.25p an ounce lower for spot delivery in the Loadon bullion market yesterday at 427.3p. U.S. cent equivalents of the fixing levels were: spot 515.7c, up 1.7c; three-month 627.3c, up 1.8c; sixmonths 639.9c, up 1.8c; and 12-month 667.2n, up 0.9e. The metal opened at 426-429p (616-619c) and closed at 4221, 4297.0 (609-612c). SILVER Buillon + or L.M.E. + or per fixing Price Unofficil

LME—Yumover: 37 (13) lots of 10,000 oz. Large cash high/low 426.5, three months' high 438.5, low 433.

PHYSICALS—The London market opened unchanged, moved narrowly throughout the day and closed quiet and slightly easier, reports Lewis and Feat. Closing prices (buyers) spot (56.25p). November 67.90p (59.00p). The Kuels Lumpur fob price (Malayste/Singapere cents) per kg RS No. 1 was 178.5 (181.5); and for SMR 20 (15.5).

U.S. MARKETS

PRECIOUS METALS came under pressure in response to renewed dollar strength relative to the European currencies and the lack of Fed intervention, reports Reinold Commodities. Copper also came under pressure from arbitrage selling linked to came under prices arbitrage selling linked to sterling weakness along with trade selling. Aluminium was generally featureless with light selling linked to the decline in sterling. Sugar fell sharply on reports that more favourable weather in Europe will benefit the best crop. Cocoa came under pressure on reports of producer sales and currency considerations. Coffee values continued to drift on indications current ICO meetings will be extended. Limited interest continued to keep cotton in a tight range. tight range.

NEW YORK

45.30

COCOA

the atte on ing and Pro	previo	us close call, future ive comm the final d £30.00 remained ed stale	until res ease rission li hour - off on withd down	ged from the mid id sharph puse sell of treding the day rawn bu consume Gill and
1		Yesterda	<u>v'al</u>	$\overline{}$

E per tonne

Sales: 4,009 (2,997) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for Sept 26: 110.21 (111.89); five-day average for Sept 27: 110.53 (109.65).

COFFEE

In quiet conditions prices traded £10-20 higher following a slightly stronger New York close and a lower pound, reports Drexel Burnham Lambert. Commission house selling triggered a £10 retracements but dealings were light as values consolidated within a tight range. COFFEE |Yesterdy's + or | 8

Sales: 712 (3,192) lots of 5 tonnes.

ICO indicator prices (U.S. cants per pound) for Sept 25. Comp. daily 1979 119.74 (118.82); 15-day average 118.47 (118.39).

GRAINS

Markets again reached contract highs as intervention offers continue at a steady rate causing spot physical demend. Light profit-taking triamed gains late in the day, reports Muirpace. WHEAT BARLEY

Business done—Wheat: Nov 106.358.15, Jan 108.20-9.00, March 112.252.00, May 115.25-5.00, July 118.00 only.
Seles: 185 lots of 100 tonnes. Berley:
Nov 106.20-8.00, Jan 109.20-9.00, March
112.10-2.00, May 114.90-4.85. Seles:
177 lors of 100 tonnes.
LONDON GRAINS—Wheat: U.S. Dark
Northern Spring No. 1, 15 per cent:
Oct 127.75, Nov 129.25, Dec 130.50,
Jan 133, uranshipment East Coast.
U.S. No. 2 Solt Red Wirmer: Oct 106,
Nov 108.50, Dec 109.75, Jan 111, EEC
Franch: Oct 119.25, English Feed, fob:
Oct 107.25-108.00, buyer/seller, Oct/
Dec 109.25, seller, Jan/March 113.00113.25, buyer/seller, Apni/June 18.25,
Jan/June 115.25, seller, Malze: U.S.
No. 3 Yellow/Franch, transhipment
East Coast: Oct 131 Barley: English
Feed, fob: Oct 106.25-107.25, buyer/
seller, Nov 108.50, buyer, Oct/Dec
208.00-109.00, Jan/March 113.00-113.50,
April/June 118.00-118.50, buyer/seller.
Rest unquotad.

HGCA—Locational ex-farm apot prices. Feed Wheat: S. East 101.50, S. West 100.50, W. Mids. 98.30, N. East 100.30: Feed Barley: S. West 101.30. N. East 97.90, The UK monetary coefficient for the week beginning Monday, September 30, will remain unchanged.

MEAT

Prices closed slightly lower in pool volume 28 a result of marginally weaker physicals, reports CCST Commodities. P. Der kilo (dasdweight)

 Oct
 113.70
 113.70
 113.71 115.7-115.7

 Nov
 114.70
 114.70
 118.7-175.7

 Feb
 102.50
 109.60
 108.60

 Aprii
 103.10
 103.10
 183.1-185.1

 June
 101.10
 101.10
 101.10
 101.20

 Aug
 100.00
 100.00
 100.9-108.8

SOYABEAN MEAL

SPOT PRICES—Chicago loose lard 18.50 (16.00) centa per pound. New York tin 571.00-577.00 (575.00-580.00)

cants per pound. Handy and Harman silver bullion 609.50 (618.50) cents per troy ounce.

21.08 21.19 21.14 21.25 21.28 21.40 21.85 21.80 22.00 22.10 22.20 22.41 22.27 22.40 22.16 22.55

Close High Low Prev 227.9 327.9 — 329.7 Oct 21.08 21.19 323.0 Dec 21.14 21.25 323.0 Dec 21.15 21.20 323.0 Dec

The market opened unchanged in quiet conditions, reports T. G. Roddick. Prices remained in narrow trading ranges throughout day due to lack of any fresh news. The market closed with small losses.

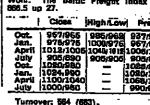
Sales: 527 (312) lots of 20 tor SUGAR

LONDON DAILY PRICE—flaw sugar \$139.00 (£96.50), up \$1.00 (unchanged) a tonne for September-October delivery. White sugar \$179.50, up \$1.50. There was little buying interest a overnight levels and prices ease \$3.00 before support was uncovered reports C. Czamikow.

Seles: 2,700 (2,289) lots of 50 Tate & Lyle delivery price for granu-lated basis sugar was 2200.00 (£193.50) a tonne for export. International Suger Agreement—(U.S. cerris per pound fob and stowed Caribbean porta.) Prices for Sept 26: Daily price 5.26 (5.18): 15-day average 5.17 (same).

PARIS—Dec 1433-1437, Merch 1448-1451, May 1473-1483, Aug 1525-1540, Oct 1585-1580, Dec 1610-1630.

FREIGHT FUTURES



Steam coal market under pressure

The grain harvest should be at least the 190m tonnes estimated by the U.S. Department of Agriculture, though Mr Mikhail Gorbachev, the Soviet leader, said that he wants 200m tonnes in a poor year and 250m tonnes when the climate is good to the street of the cattle leader, said that he wants 200m tonnes when the climate is good to the street of the cattle leader.

Farm ministers opposed

A SENIOR European Commission official yesterday gave a retirement among farmers and stark indication of the opposition among EEC member states to care for the environment.

to direct income aids

LOW OCEAN freight rates, stake summer demand and disruption in the South Africa's coal mines have consured to drug down spot.

Apart from the U.S. steam covered their amortisation costs, such prices are an added bonus and certainly make their recent, disputed offer of 14-19 per cent in black miner wage increases look undemanding. steam coal prices in Europe
this month.

Barge lots of South African

Solutions.

Apart from the U.S. steam
coal exporters, sales on the
international market over the
last two years has been a mixed

start of the UK mine strike in gains, the main beneficiaries March last year. gains, the main beneficiaries have been the South African

which hit three mines last bined with the strengthening buggest impact of the declining month, albeit briefly. This dollar, brought the South value of the rand will be seen prompted an early dispatch of African coal producers R75.5 on future mining developments, some cargoes at least two of a tonne. But in the last 12 most particularly on the doubcontinued downward pressure R96.4/tonne.

steam coal are now fetching no experience with continuing low more than US\$39 a tonne in prices being counterbalanced Rotterdam which is a \$1.50 fall by a strong dollar. While in a month and brings prices Canada Colombia and Australia to their lowest level since the have picked up some windfall March lest year.

The fall comes at a bad time for the coal producers who are entering price renewal negotations for 1986 supplies. What seems to have upped the billiance was the threatened South African miners' strike with the extraord for the coal producers who are barge prices stood at continuous for 1986 supplies. What they had risen to \$45, powered by UK steam coal imports hained was the threatened during the height of the coal revenues in local currency can ease debt repayment. But the birder with the extraord prices in price is the birder with the extraord prices in local currency can be birder with the extraord prices in local currency can be birder with the extraord prices in local currency can be birder with the extraord prices in local currency can be birder with the extraord prices in local currency can be birder with the extraord prices in local currency can be birder with the extraord prices in local currency can be birder with the currency can be birder with the currency can be considered by the constant of the coal producers who are the prices stood at course the prices in local currency can be compared to the coal producers who are the prices stood at course the prices in local currency can be compared to the coal producers who are the prices stood at course the prices in local currency can be compared to the coal prices in local currency can be compared to the coal producers who are the prices stood at course the prices in local currency can be compared to the coal prices in local currency can be compared to the prices in local currency can be compared to the prices in local currency can be compared to the prices in local currency can be compared to the prices in local currency can be compared to the prices in local currency can be compared to the prices in local currency can be compared to the coal prices in local currency can be compared to the coal prices in local currency can be compared to the coal prices in

their amortisation almost all coal qualities the ch prices are an added world over, it has become clear and certainly make their in recent years that supplies of For newer pits financed inter-nationally, however, higher

> INTERNATIONAL COAL REPORT SPOT STEAM COAL MARKER July/Aug: 1985

ease debt repayment. But the biggest impact of the declining value of the rand will be seen unsold. Traders are predicting yield brings a rand reward of facility — to 80m tonnes annu-For mines which have long Despite an oversupply of Report.

mand in Europe and South Korea three mines are simul-taneously reaching final stages of development — the Gencor Kwazulu mine and the Kobar Mining pit in southern Africa are starting shipments later this year while the prospective Mt Klappan mine in British Columbia has despatched its first delivery to Europe. Prices for prime-quality anthracite are well in excess of US\$140 a tonne in Europe.

Further downward pressure could be exerted with the de-cision of the Queensland government to release some 1m tonnes of state power station which have arrived in Europe months such has been the ling of the capacity of the coal onto the export market. A similar move is being debated of the cargoes remaining apparently poor \$39 a tonne the country's main coal export in New South Wales.

Gerard McCloskey is editor of the FT International Coal

June 376.1 — 378.4

HEATING Oil.
42,000 U.S. gallons, cents/U.S. gallons
March
May
July
Sept
Nov 82,70 82.90 81.00 80.94
Nov 82,70 82.90 81.70 81.25
Dec 82.95 83.26 81.90 81.85
Dec 82.95 83.26 81.90 81.85
Sept
Jan 82,70 82.80 81.80 81.88
Feb 81.95 81.75 80.75
March
March 77.60 78.00 78.90 76.35
March 74.10 74.50 74.10 73.50
May
72.80 73.50 73.50 71.70
Incomplete March
May
72.80 73.50 73.50 71.70 OIL

Brent grades firmed in response to the reports of force majeur declarations from Russie and Iran. Nymex opened strongly and was trading 42 cents up for November by 1.30 pm EDT. Gasoil continued to firm on good major and crader demand for both non-EEC and EEC material. This trend was strengthened by reports of a Russian and Algerian loading delay, Petrolaum Argus, London. CRUDE OIL-FOB (\$ per barrel)-Oc

PRODUCTS—North West Europe Prumpt delivery off (5 per tonne) Premium gasoline | 272.373 | das Oil | 258.360 | Heavy fuel oil | 125.35 | Naphtha | 248.260 |

GAS OIL FUTURES

8 U.S. 258.00 +3.50 288.75 58.09 254.25 +2 99 556.56.56 25 251.50 +1.50 251.50-51.08 249.00 +1.25, 252.09 49.09 247.00 +4.00 247.08.46.06 241.00 +3.00 241.68.41.90 Turnover: 2,762 (3,360) lots of POTATOES

April opened 80p down following a Guilder drop on the Dutch merket. Persistent buying interest at these lower levels resulted in a rally with prices returning virtually to unchanged. The market closed at or near the day's highs, with November and April closing at £28.90, reports Coley and Harper.

£ per tonne Nov..... 53.00 52.10 53.00-52.89 Feb..... 78.90 53.40 Apr..... 78.90 80.30 May.... 87.00 88.90 87.25-87.00

Close High Low Prev. Oct. 967/965 985/962 937/936
Jan. 975/976 1000/976 967/962
April 1013/1005 1040/1915 1005/1000
July 905/890 905/965 903/865
Oct. 1050/980 — 1068/960
Jan. 1024/990 — 1068/1042
July 1000/980 — 1968/1042
July 1000/980 — 990/966

Australian mine productivity improving BY MAURICE SAMUELSON AUSTRALIAN COAL mines of equipment for long-wall recently resequipped with new British machinery are now rivalling the productivity of the country's large open-cast

mines in Britain, Mr David Hunt, Energy Minister of State, said in London yester-He was speaking after a tour of the Australian coal industry which, he said, was expected to order £50m worth them that the British Govern-ment did not restrict imports

sites and reporting double the

oniput of equivalent long wall

mining over the next two years. Thanks to the switch to the traditional UK long wall method and their very thick seams of coal, some of these underground faces were producing 2m tonnes a year, compared with about 1m In answer to questions from his hosts. Mr Hunt had told

start doing so, although the Central Electricity Generating Board is committed to taking 95 per cent of its orders from the British

National Coal Board for the next two years.

Referring to the West European market for coal, in which the Australians as major exporters are deeply interested, Mr Hunt also told them that with the West German and French coal in-

dustries being drastically cut

back, the British coal in-dustry aspired to dominate this market which repre-sented its "brightest potential" for the future. The Australians, for their

part looked on South East Asia as their biggest potential market for steam coal and said they were interested in entering joint ventures with British power station manufacturers on major electricity projects there.

RUBBER

CURRENCIES, MONEY and CAPITAL MARKETS

DOLLAR SPOT-FORWARD AGAINST DOLLAR

CURRENCY MOVEMENTS

82.0 -8.5 151.6 +19.4 84.7 -8.1 118.4 +5.0 91.8 -10.2 80.9 -6.8 128.0 +9.8 151.6 +18.3 17.8 +5.3 68.5 -12.9 44.5 -20.1 166.7 : +17.2

FOREIGN EXCHANGES

FINANCIAL FUTURES

Central banks depress dollar

bank dollar sales overriding all other considerations. Despite the dollar's weaker

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EAL

5.45°0 5.46

jres

Despite the dollar's weaker trend there were still some who were looking for some levels of consolidation. This was given strength by an overall desire not to see the dollar fall too quickly in order to avoid any destabilising influence. The U.S. unit found some support therefore around Y220.0 against the yen and DM 2.6550 against the D-mark. U.S. money supply figures due for release after the close of business in London were rgures the for release after the close of business in London were quietly forgotten as a factor likely to influence the market.

The dollar closed at DM 2.6800 down from DM 2.6800 on Wednesday and its lowest closing level since April 1984. Against

The threat of central bank intervention pushed the dollar weaker yesterday. The market was particularly sensitive to unconfirmed reports that the Bank of Japan was working towards a Y200-Y210 rate against the dollar. Although the U.S. this showed some resistance around its lower levels, there was no desire to try and push it firmer with the threat of central bank dollar sales overriding all STERLING — Trading range against the dollar in 1985 is 1.4400 to 1.6525. August average 1.2838. Exchange rate index 82.0 from 82.6, having touched a

Sterling was hardly changed against the dollar but as the latter weakened, so sterling fell against its major European trading partners. It closed \$1.4390.1.4390 against the dollar, a fall of just 15 points from Wednesday. Against the D-mark it fell to DM 3.8275 from DM 3.8500 and V316.75 compared with Y326.75. Elsewhere it slipped to SwFr 3.1325 from SwFr 3.1775 and FFr 11.68 compared with FFF 11.8075. DMARK — Trading range against the dollar in 1985 is 3.4510 to 2.6600. August average low of \$1.9. The six months ago figure was 75.7.

EMS EUROPEAN CURRENCY UNIT RATES 44.8320 8.12857 2.23840 6.86402 2.52208 0.724578 1520.60 Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

2.7936. Exchange rate index 128.0 against 120.2 six months ago.
The dollar fell sharply in Frankfurt yesterday amid further fears of central bank interventears of central bank interven-tion and closed at DM 2.6610 down from DM 2.7100 on Wed-nesday. Earlier in the day it had been fixed at DM 2.6590, its lowest level since April 1984 and the Bundesbank sold \$55.8m at the fixing. STERLING INDEX

82.1 82.0 81.9 81.9 82.0 82.1 ••••• £ IN NEW YORK £ Spot | \$1.4875-1.4885\\$1.4470-1.4480 | month | 0.47-0.44 pm|0.45-0.44 pm | months | 1.21-1.17 pm|1.15-1.13 pm | 12 months | 3.20-3.05 pm|3.03-2.95 pm

CURRENCY RATES

Sterling - 0.736674
U.S.S. - 7½ 1.05081
Camadian S 9.37
Austria Sch. 4 19.8234
Belgian Fr. 9½ 57.1511
Danish Kr. 7 10.2550
D mark. 4 2.82069
Guilder. 5 3.7660
French Fr 9½ 8-58256
Lira. 5 255.561
Norway Kr. 8 8.43291
Span'h Pta 171.904
Swedish K. 101c: 8.53414
Swedish K. 101c: 8.53414
Swedish K. 101c: 8.53416
Greek Dr'ch 20½; 136.176
Irish Punt 131s. N/A

*C\$/SDR rate for September 25: 1.4247:

POUND SPOT - FORWARD AGAINST POUND p.a. months

3.83 1.22-1.18
3.44 1.12-1.16
5.90 65-5-1 pro
3.17 58.35 pro
2.64 67-5-1 pro
1.93 0.82-0.31 pro
1.93 0.82-0.31 pro
1.93 0.82-0.31 pro
1.93 0.82-0.31 pro
1.94 8.16 dis
1.94 3.15 dis
1.95 7.97 pro
6.93 57-77 pro

OTHER CURRENCIES

Note Rates 25,90-27,20 78.10-79 00 13,90-14,03 11,64-11,78 3.81-3,84 2575-2620 517-320 4,30-4,34

LixembourgF 7 Malayzia Ringgit 3.6 NewZealand Dir. 3.6 Saudi Arab Riyai 6.5 Singapore Dollar 3.0 Sth African Rand 5.5 U.A.E. Dirham 5.2 Rend Finat EXCHANGE	8.35.78.45 54 020 3 5120	,45-54,55 No 500-8 4350 Po 500-8 4350 Po 500-3-6510 Se 500-8,1400 Se 175-2,5000 Un 720-3,6740 Yu elling rate 1-2,8985 (\$)	orway	11,38-11,5 235-250 235-250 235-250 11,49-11,5 11,43-1,45 475-515 95 (£).
Sept. 26	Pound St'ling	U.S. Dollar	Deutschernk.	J'panese Y
Pound Sterling	3.	1,439	3.828	516.8

Sept. 26	Pound Stiling	U.S. Dollar	Deutschemk.	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling	0.595	1.439	3.828	516.8	11 68	5,138	4.315	2590.	1 950	77,60
U.S. Dollar		1.	2.662	220.2	8,120	2,178	3.000	1800:	1 356	58,96
Deutschemark	0.861	0.376	12.08	82,76	3,052	0.818	1 127	576.7	0,509	20.27
Japanese Yen 1,000	3.157	4.641		1000,	36,86	9.890	13.62.	8177.	6,156	248,0
French Franc 10	0.856	1 832	3,277	271.2	10.	2.682	3,694	2217	1 670	68,44
Swiss Franc	0.319	0.459	1,222	101.1	3.729	1.	1,377	826,8	0,623	84,77
Dutch Guilder	0.232	0.333	0,887	75,41	2.707	0,726	1.666	500,2	0.462	17.98
Stallan Lira 1,000	0.386	0.555	1,478	122,5	4.510	1,209		1000,	0.755	29.96
Canadian Dollar	0.513	0.738	1,963	162.4	5,990	1.606	2.213	1328,	2,513	39.79
Belgian Franc 100	1,289	1,854	4,932	408.2	25,05	4,037	5.561	3338,		100,

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 26	Sterling		U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss : Franc	D-mark	Franch Franc	Italian Lira	(Beigli Conv.	Mr Franc Fin.	Yen	Daniel Krone
Short-term	1178 72 1158-113 ₆ 2139 111 ₂ 111 ₈ -111 ₄	i	754 776 712 713 712 715 712 715 713 84 818 814 826 812	718-736 754-8 758 8 612 634 Bid 918 656-9	559 534 516 514 516 514 516 514 516 514	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	472.472 474.472 439.412 439.412 458.434 458.434	914-912 956-958 968-978 1014-1054 1114-1112	12-15- 12-131g 12-131g 13-131g 13-131g 127g-134g 131g 14	! 8 ! 8 ! 9	14-854 12 9 54-9 9 9 14 58-958 58-975	814 854 834.9 834.9 9.914 956-969 912-954	673-7 712714 666-612 674-612 675-676	9 91 ₉ 9 91 ₂ 87 ₆ 93 ₆ 87 ₆ 93 ₆ 87 ₈ 93 ₆
Anies & Joinnie	a more in	Qi.	. a 200ce) :	Short-term	71-72 per	CERT! COURS	days 73,-7	7- Dec cent	one month	71-1	Anr.	cent three	months 8.89	L DOT CO

Asian \$ (closing rates in Singapore): Short-term 74-77, per cent; seven days 74-77, per cent; one month 79-8 per cent; three months 8-85 per cent; swo months 8-85 per cent; one year 81-85, per cent; one year 81-85, per cent; four years 102-104 per cent; five years 102-104 per

MONEY MARKETS

German interest rates unchanged

Interest rates were left unchanged at the council meeting of of the German Bundesbank pesterday. There was little surprise when credit policies were unchanged and the discount rate the meaning at 4 per cent, with the Lombard rate at 5½ per cent. It was a major day for German Bank of England, but this was a major day for German Bank of England, but this was a satistics. The cost of living later changed to £100m. Total rose a provisional 0.2 per cent in Septe. Let from August to stand 2.3 per cent higher than a year ago. In August the price

UK clearing banks base lending rate 11½ per cent since July 30.

index fell 0.3 per cent, to give an annual inflation rate of 2.1 Two months 4.55 4.56 for the figures were also rather disappointing, with the current account balance of payments falling into deficit of DM 300m, after an upward revised July surplus of DM 2.4bn. The trade surplus in August narrowed to DM 3.3bn from DM 6.5bn. Initial reaction to the trade figures was one of disappointment, but distortions were caused by a number of special and seasonal factors, including holidays in the motor reduced from the figures was steady at the figure of the figu Call money was steady at 4.45 per cent in Frankfurt, in comfortable conditions, with banks holding high minimum

FT LONDON INTERBANK FIXING

(11,00 a.m. Sept. 26) Three months U.S. dollars bid 778 offer 8. bid 8 1/16

The Raing rates are the arithmetic means, rounded to the negret; one sixteenth, of the bid and offered rates for 510m quoted by the market to five reference banks at 11 s.m. each working day. The banks are National Westminater Bank. Bank of Yokyo, Doutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES Frankfurt | Paris | Zurich | Amst'dam | Tokyo

934-10 968-978 934-10 978-1018 1014-1019 64 to 65 to 415 416 415 416 6.84375 6.59375 514-613 514 516 Discount Houses Deposit and Bill Rates

One year	Local Auth	Local Authority	House	1 & Gert	Linked	ECU Linked	MONEY RATES	
One month	12:1154 1178:1258 1154:1118 1154:1118 1154:1118	Deposits	1158 1115 1115 1116 1118 1118	7.75-7.85 7.75-7.85 7.8 7 9 7.8 7 9 8.15-8 25 8 25 8.36	7-6-7-16 7-6-7-16 7-6-7-16 7-8-8 7-8-8-6	75g 8 8½-85g 8½-85g 83g-9½ 87g-9	NEW YORK (Lunchtime) Prime rate Broker loan rate Fed lunds Fed funds at intervention Treasury Bills One month Two month	9°2 8°2 7°3
ECGD Fixe September 3 (seven days' 1 (published by 1985. London Deposit Rates Deposits (Sericent one-threa months 11 por from Septembe	notice, other the Finance and Scottish for sums at standar rate is 6): Deposit on the contraction of the con	1.574 per (sevan da Houses As Clearing B even days' of discour- its £100.000 per cent; months 1	ent. Loc sociation; ank flater notice 6. at 11.0964 Jand ove three-siz	cal authorit . Financ .: 12 per c .: for landim 25-8.625 per .: par can .: held und .: months 1	y and final e Houses ent trom S g 11½ per c r cent (net cantaine er one mon 1½ per cer f100.000 10	nce houses Base Rate eptember 1 cent. Bank). Treasury tes of Tax tith 11½ per nt: six-nine 2 per cent	Three month Six month One year Treasury Bonds Two year Three year Four year Seven year 10 year	7.30 7.83 8.81 9.12

Below best levels

Eurodollar and U.S. Treasury bond prices ended slightly stronger on the London International Financial Futures the low at 75-23, against 75-17 on Wednesday. The downward trend in the afternoon reflected fears about a weaker dollar, and possible problems in funding the low york banking system overnight, when Federal funds were trading at under 8 per cent. There was good support at 91.90, but after a dull Creago opening the contract fell to finish just above the day's low at 91.84, compared with 91.81 previously.

U.S. Treasury bonds for December delivery began firm at 76-03, after strong buying of U.S. bonds in Tokyo. The con-

FT-SE 100 INDEX £25 per full fordex LONDON Close Dec 98-24 March 98-40 Est volume 684 (426) Previous day's open int 1,149 (1,172) | STERLING | IZ5,000 | S | per | E | Sept | Letest | High | Low | Previous | Previous | Iz5,000 | S | per | E | Sept | Se STERLING (IMM) Se per E Latest High Lose Prev 1.4315 1.4335 7.4255 1.4345 1.4230 1.4260 1.4180 1.4265 — 1.4200 1.4150 1.4205

IFE OPTIONS REPORT For full details of settlement prices cell: Louise Powell of LIFFE on 01-623 0444 LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

Company Notices

KONISHIROKU PHOTO INDUSTRY CO., LTD. ursiges to Classe 7, substitute (8) of the Trust Deed dated 24th October, 1953, notice is hereby given as allowed as the Constant of the Board of Precions of 12, 1985, the recolution contenter 12, 1985, the revolution states by five distributions, the particular of the Conversion arise of which are set out below, orisequently, the conversion arise of which are set out below, orisequently, the conversion arise of the Conversion of the Conver

CLASSIFIED ADVERTISEMENT RATES

Per line column cm (min. 3 lines) (min. 3 cms) Appointments
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Business for Sale/Wanted 35.50 35.50 27.00 27.00 27.00 Personal Motor Cars Hotels & Travel Contracts & Tenders Book Publishers Premium positions available £7.00 per single column cm extra

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WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 25, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are

Lutest 78-15 75-19 74-27 73-29

Dec March

Close High Low Prov 0.4546 0.4558 0.4504 0.4378 0.4565 — 0.4387 0.4565 — 0.4387 us day's upon int 126 (121)

Bank of America Economics Dept., E.M.E.A. London Eurodolfar Libor as of September 25 at 11.00 a.m. 3 months: 81 6 months: 81

indicative. They are not based on, and are not intended to bused as a basis for, particular transactions.

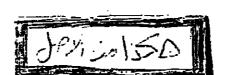
Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors. ECU=\$U\$.820407 SDR1=SUS1_0488 Sibor as of September 25 at 11.00 a.m.

3 months: 8 6 months: 8 7

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY		VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan Albania	Afghani (o)	50.60	Grenada	E. Garibean S		2,70	Paraguay	· Сивгалі (о.с.)	240.00
Albania	Lek	7.0669	Guadaloupe	Franc	i	B.2715	Paraguay	Guarani (d)	759.00
Algeria	Dinar . Er Empa	4,925 8,2715	GUAM	4.S. &	•	1.00 1.00	I Perus	- Solio (2)	13942.
Andorra	Sp. Peseta	163.50	Guatemais	CHETZELIO)	i	3.7734	Philippines Pitcairn is	, PESC N 7 Dollar	18,62 1,8566
Angola	Kwanza	29,918	Guinea Bissau	Page	;	147.323	Columb	Zinto in (3)	153.05
Artigus	E. Caribbean 8	2,70	Guinea Reparation	.8vti	:	23,5367	PuertoRico	Escudo	169.00
Argentina	Austral (8)	0,801	Guyana	Dollar	- 1	4.12	PuertoRico	. U.S. dollar	1,00
Austria	. Couar Schilles	1.4102 19.04	Haiti Rep	Gourde		5,00 2.00	Reunion, II de la	. Kival	3,641
Azores	Port. Escudo	1 269,00	noncoras rep	Lempira.		2.55	Romania	Fr. Franc	0.2715
Bahamas	Dollar	1.00	Hong Kong	Dollar	H	7.888	l .	Leuici	4,21 12,42
Bahrain	Dinar	0.3768	Hungary	Forint	;	48,81	Rwanda	Franc	97.931
Balearic Is	. Sp. Peseta	163,50	Iceland	Krone	1	40.91	ľ		
Bangladesh Barbados	" Take	29.25 2.0113	iceland	Rupee(10)		12.30	St. Christopher St. Helena	E. Garibobean S	2.70 1.4292
- · · · · · · · · · · · · · · · · · · ·	· Erane (e)	54,93	[Indonésia	Rupiah	,	1225.00	Sr mois	E Carlbbann 2	2.70
Beigium	" Franc (f)	55.35	iugo		}	88.0054	/ St. Pierre	. Fr. Franc	8,2715
Relize	- Dollar	2,00	traq	Dinar	•	0,3109 1,1483	l St. Vincent	. E. Caribean S	2,70
Benin	C.F.A. Franc	413,576	Irish Rep	Punt	1	1486,05	Samoa (Western)	. Tola	2,19
Bermuda	Dollar	1,00	Haly	Lira (11)	-	1881,75	Samoa (Am.) San Marino	. U.S. 5	1.00
Bhutan	Inc. Kupee	12.30 75000.	Ivory Coast	C.F.A. France	•	413.575	Sao Tome &	. AL LIFE	1831,75
Bolivia	" Peen fi	1050000.					Principe DR	Dobra	43.1446
Pateriores	Bula 46.	2.0674	Jamaica	Dollar (c) (5)		5,88	Saudi Arabia		
Brazil	. Cruzeiro (o)	7610,00	Japan	Yen		229.62	Senegal	CFA France	3.65 413,675
Brunei	. Dollar	2,1585	Jordan	Dinar		0.3697	: Bevchelles	Rupee	6,8979
BUIDATES	LEV	1.016	Kampuchea	Rici Chilling		n.a. 16.3975] Sierra Leone	Leone	6.00
Burkina Faso	. U.F.A. Franc	413,575 8,1126	Kenya Kiribati Korea (NU)	Aust Dellar	•	1.4102	l Sincapore	. Dollar	2,1585
Burma Burwadi	. Nyai Franc	116.99	Korea (Will)	Won		0.94	Soloman Is	Dollar	1,5723
Cameroun Rp	. C.F.A. Franc	413,575	I KOYAR" (STD)	WOR		892,30	Somali Rep	Shilling	36,60 2,5641
Canada	Dollar	1.3601	Lao P'pis D. Rep	Dinar		0.2994	Cools	Denete	163.50
Canery is	., Sp. Peseta	188.50	Lao Pipus D. Rep	Kip		35.00 18.80	South in M.	r Cables	. 100,00
Cape Verde Is	. Escudo	89,2698 0,885	Lebanon	Mainti	i	2.5641	Span Ports in N.) Africa	Sp. Peseta	, 163,50
Cayman Is	. C.F.A. Franc	413,575	Liberia	Dollar	- 1	1.00	Sri Larka	Rupas	27.57
Chie	C.F.A. Franc	413,676	l Libya	Dinar	:	0.2961	Sudan Rep	Pound	i 2,50
Citylie	, Peso (01:9)	175.03	[Liechtenstein	Sw. Franc		2,2287	อัสเมเข็น	Guilder	1.785
Colombia	. Renminbi Yuan	2,968	Luxembourg	Lux. Franc	•	54,99 8,1986	Swaziland	Lilangeni	2.5641
Colombia	, Peso (0)	156,68 413,57 5	Macao Madagaecar D.R	France France	•	568,417	Sweden Switzerland	France	8.1205 2.2287
Comoros Congo Pols Rep. o	, C.F.A. Franc	; 415,575	Madeira	Port. Escudo	:	169.00	Syria	Pound (0)	3,925
Costa Rica	. Colon	62,20	Madeira Malawi	Kwacha		1.7292	_ _		
Guba	Peso	, 0.9311	Malayda	Ringgit	÷	2,459	Talwan	Dollar (o)	40,59
C	Dougott .	1,6625	Maldive is Mail Rp	Ruffya		7.00 413,575	Tanzania Thaliand	Shilling	16.59
Czechosiovakia	Korusa (o)	5.70 9.8455	Maita	U,F.AL PRENC		2.265	Togo Rep	C C A Senno	26.45 413.575
Denmark	, Krone Franc	159.99	Martinique	Franc		8,2715	Tonga is	Pa'anga	1.4102
Dominice	E. Ceribbean 8	9.70	Mauritania	Cuguiye.		76,91	Trinidad & Tobaco	Deliar	2,409
		1.00	Mauritius	Rupee		14,75	Tunisia	Dinar	0.804
Domin, Rep		2.99	Mexico {	Peso (d) (12)		384,50 899,20	Turkey	rim -	544.47
Equador	Sucre (d)	111.30	Miguelon	Paso (e/ (14)		8.2715	Turki er Galicos		1.00
Equador	* , Sucre (f) ·	95,75	Monaco	Fr. Franc		8.2715		AUSE, OWIE,	1.7100
	(Pound	0.83	Mongolia	Tuerík (o)		5,8555	Uganda	Shilling	595,20
Egypt	Pound (c)	1.33	Montserrat	E. Caribbean 5		2,70	United Arab Emir.	Dirham	3.675
El Salvador	Colon	2.50	Morocco,	Bisham		10.46	United Arab Emir. United Kingdom Uruguay	Pound Sterling*	1,4292
E-W 0	" Color (d)	5,50	Mozambique	Matica		48.956	Uruguay	Peso (m)	112.37
Eq'ti Guinea Ethiopia	. C.F.A. Franc (4)	413.675 2.0711	Namibla	S. A. Rand		2.5641	U\$8R	Rouble	0,809
Faaroe is	. Dan. Krane	9.8455	}				Venuetu	V-4	104.882
Faikland le	Pound*	1.4292	Nauru is	Aust. Dollar		1.4102	VanuatuVatiçan	Lice	1831.75
Fiji	. Dollar	1,1247	Nepa)	Rupee		18,30	3	D-4	7.50
Finland	. Markka	5,789 6,2715	Netherlands	Grilder		3.0525	Venezuela	Bollyar 191	4.30
France	. Pranc	413.575	Neth Anties New Zealand	Gullger		1.80	, A CO. 100 - 100	Bellmer (6)	14,39
Fr. G'ty in Af Fr. Guana	Emno	: 8,2715	New Zearang	Dollar Cardoba		1,8366	\	20.1422 (0)	95.3471
Fr. Pac. Is	C.F.P. Franc	150.391	Nicaragua	Cordobardi		625,00	Vietnam Virgin is. British	Dong	
Gabon	. C.F.A. Franc	413,575	Niger Rp Nigeria	C.F.A.Franc		415,575	Virgin is. U.S	U.S. 8	1,00 1,00
Gambig	. Dalasi	3.4985	Nigeria	Naira		0,9225			7.50
Germany (E),	Ostmark (5)	2.7092 2.7092	Norway	Krone		8.0675	Yemen PDR	razi Dinar	7.50 0.343
Germany (Wi	. Mark	2,7092 57.00	Oman Sultanate of	Rial	•	0.3456	Yugoslavia	Digar	297.81
Ghana	Pound*	1,4292	Pakistan			16.057			52,985
Greece	Drachma	131.50	Ралама	Balbon	•	1.00	Zaire Republic	ZJITB Veneta	2,299 9
Greenland	Dan. Krone	9.8465	Papua N.G	Kirta		0,985	ZambiaZimbabwe	AWACIIA Dollar	1,6461
						-1	₩ 111000 WC		

n.a. Not available. (m) Market rata. * U.S. dollars per National Currency unit. (e) Freemarket central bank. (d) Official rate. (b) Freemarket interbank. (d) Commercial rate. (d) Freemarket. (e) Controlled. (f) Floancial rate. (g) Perderential rates. (h) Non-essential imports. (i) Floating tourist rate. (f) Venezuela: For debta incurred prior to February 1983. (2) Perd. August 2: Official rate devaluation of approximately 12 per cent. (5) Poland, June 1: Official devaluation of 13.2 per cent. (5) Equational December 31: Currency jone Franc zone. (5) Jamaica, November 8: Rate adjustment fixed by Central Bank bi-weekly suction. (6) Botawana, August 4: Pula revalued by 3 per cent gainst a basket of currencias. (7) Saudi Arabia. June 10: Official devaluation of 1.1 per cent. (8) Argentina. June 15: New currency introduced—1 Austral equals 1,000 Pesce. (9) Chile, June 29: Official devaluation of 7.8 per cent. (10) Israel. July 1: Official devaluation of 18.8 per cent. (11) Italy, July 21: Official devaluation of 8 per cent. (12) Maxico. July 11: New free rate introduced to replace old free rate. (13) Mexico. July 24: Controlled paso rate devalued by 16.7 per cent. (14) Ghana, August 12: Cedi devalued by approximately 7 per cent. For further information places contact your local branch of the Bank of America.

36	AMERICANS—Cont.	1				ay September 27 1985
NOMURA INTERNATIONAL LIMITED	1985 Price 4 or 2 Magh Law Stock E - C	LONDON	SHARE SERVICE	1985 Hegh Low t Shack	G Continued	No.
NEW-ERA INVESTMENT AND UNDERWRITING	Poly Discontended SI	800 '63 High Low / Stock Price - N 52 76 66 267 212 698 inds 500 272 3	ter i innati 1985 ; je eri bler i innati ti det i c'entere price i - i stet c'entere price i - i	170 120 Babcsck fed	1131 -1 110 127 127 131	INDUSTRIALS (Miscel.) AAH 155 -2 679 18 63 12: AGA 48 825 - 111 - 147 3-24 14 154 AGB Research 100 - 209 -6 55 4 74 4
OFFICES WORLDWIDE 24 Monument Street London EC3R 8AJ Telephone 01-283 8811	80° 60° 80° 141 151 160° 141° 5 34° 17° 80° 150°	52 80 — 7 4 32 / 20 Bulley (Bert 105 — 24 ·	6.25 37 30 1226 630 1331 [bir Free 206 605 1-5 50 6 1.2 1.16 2.9 1 44 450 178 [birs flower 400 1-10 134 3.1 31.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2	6 25 15 Bevan (D.F.) 50	85 1 42 3.5 7.1 5.9 139 51 70 129 129 129 129 129 129 129 129 129 129	AIM 100
BRITISH FUNDS 1985 Price er; Yield High Low Slack E - Int. Fee.	25 10 fet5x Corp U 5.51 00 17 12 5 1344 12 fet5fet int \$1 00 1244 5 325 25 Campbell Sup 300 2654 1 30 31 fet5y 25 1 30	52 20 50 66 50 684 875 20 67 -1 1 51 00 44 910 550 6864 875 20 1880 1 1 32c 19 562 468 Base Circle (1 515 +3 1 55 00 13 7 40 190 8 rector (1 515) +3 1 56 12 79 593 8 rector (1 515) 47 1 594 125 79 593 8 rector (1 515) 47 1	33.1 15 66 11.8 104 40 74 mer 105 103 1 23 3.3 3.7 12 03 21 3 11.6 3 7 12 8 mere 105 103 1 23 1.5 3.3 1.7 12 03 21 3 11.6 12 12 12 12 12 12 12 12 12 12 12 12 12	9 101 5 Souton Wm 10p	33 88	Alle Lead AS 8 3-30 127 131 +2 94 6 83 5.2 89 Ameter red, 105 110 10 28 35.9 Ameter red, 105 110 28 35.9
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1017 99/719/3 12pc 1986 1084 11.01 10.76 186 94/719/3 12pc 1986 96/2 884 10.63 105/2 108/719/3 14pc 1986 103/44 12.54 10.86 944 87 // first 2/ sc 1985 94 14 12.286 10.60 104/2 101 // first 13/4x 1987 103/4 12.286 10.60 199/2 96/719/3 10/4xc 87 99/9/4 10.78 10.78 10.86	101: 7140	51.40 - 56 50 25 Withersteen GPL 35s 12.50 - 143 56 40 Content Grap 62 1	-1 - 77 42 Statley IA, G159 67 25, 1415 318 15 14 15 18 15 5 21.0 110 77.75 840 45 18 15 14 15 11 62 20.4 90 56 Statley IOp 73 -1 2.2 2.3 4.3 12 12 20 49 8.2 90 55 Statley IOp 90 1.05 6.3 17 13 10 58 25 72 46 15 Statley IOp 194 194	172 102 Burges Products 172 102 Burges Products 184 46 26 Lambord Eng. 185 20 5 Vicameni Int 185 186 Lambord Eng. 186 186 186 Lambord Eng. 186 187 186	221 105 42 35 73 342 180 4 253 120 32 68 61 405 303 4 165 465 21 56 10.7 183 165 4 65 105 106 183 165 107 183 165 105 105 105 105 105 105 105 105 105 10	Neset Brit Ports 330a/t-2 18 5 0 4 1 3.7 Neset Energy 50 52 -2 1.0 36 2.7 14.3 Neset Heat Services 378 -22 11.0 1.0 4.2 18.3 Neset Heat Services 1882af 60 (2.1 6.3 9.3 Neset & Mandel 20a 135af -1 4.005 2.5 6.4 9.0
93 85%-Each 2196 1987 921 2.69 7.87 100.1 98 12.6 10.0 10 98 94 10 10 96 1987 100 10 10 10 10 10 10 10 10 10 10 10 10	Silen Nation Dama Core S1	62 62 Orw (George 250 76 1) 61 28 58 62 47 Douglas (Robat M) 58 1 62 58 65 16 V-Darrier Group 50 21 org 16 16 16 16 16 16 16 16 16 16 16 16 16	399 4 80 123 82 28 Sarrine 205	5 40 31 Cerruy Hunt 142 51 (Lizyton See 500	506 - 100 38 29 131 38 219 33 39 0 117 51 12 123 - 60 22 70 95 330 278 140 - 108 37 35 184 97 60 8 6 6	Stra AS S.25
95 994 Treas 74 ₈ c 1985-88±2 9414 4 18 17 10 27 100 954-Each 101 ₉ c 288 995 4 10 52 10 54 1814 934 Treas 94 ₈ c C 88 98 1 4 195 10 55 186 80 Transport 3gc 78-89 86 ₅₅ 4 1 3 46 85 17 24 911 ₂ Treas 91 ₉ c 88 97 25 14 1 7.77 10 57	5513 367-2-45 134-7-5 3617-7-5	13 49 - 72 72 58 106 & 106	908 22 66 138 72 46 709 Value Into 100 68 -	52 30 Cranute Group	38 (161.7) 2.3 (8.4 (6.0) 387 (75 (75 (75 (75 (75 (75 (75 (75 (75 (7	De 9cCvi e2001-06 5187 -3 Q9-U-21.2 64.9 Sarri (Wm.) 51 345 3 166.5 2.4 2.7 17.5 Sarri (Wm.) 51 393 -2 N18.2 22.6 7 9.0 Sarrium Gep 21-0 135 M1.2 38 1.3 29.7 Sarrium Gep 21-0 135 M1.2 38 1.3 29.7 Sarrium Gep 21-0 135 M1.2 38 1.3 29.7 Sarrium Gep 21-0 135 M1.2 38 1.3 29.7 Sarrium Gep 21-0 135 M1.2 38 1.3 29.7 Sarrium Gep 21-0 135 M1.2 38 1.3 29.7 Sarrium Gep 21-0 135 M1.2 38 1.3 29.7 Sarrium Gep 21-0 135 M1.2 38 1.3 29.7 Sarrium Gep 21-0 135 M1.2 38 1.3 29.7 Sarrium Gep 21-0 135
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Financial Times Friday September 27 1965

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19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 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586 | -13
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Equities continue downward drift in thin trading Account Dealing Dates Option *First Declara- Last Account Dealings Day Sept 16 Sept 26 Sept 27 Oct ? Sept 30 Oct 10 Oct 11 Oct 21 Sept 12 Sept 13 Sept 23 *** News-time** dealings may take place from 9.30 am two business days earlier. Overnight dullname on 182-11 Overnight dullname on 182-11

Sept 30 Uct 10 Uct 11 Uct 21
Sept 2 Sept 12 Sept 13 Sept 23
"Now-time" dealings may take place from 9.30 sm two business days warder.

Overnight dullness on Wall Street — the Dow Jones industrial index fell over nine points against a backdrop of doubts against a backdrop of doubts about the strength of the American economy — set the compared with the partly-paid issue price of 50p; the 8 per cent Convertible closed at £47? London equity markets yester

brints which were pitches at the top end of expectations, while British Aerospace edged forward on news of the signed Saudi Arabian aircraft deal.

Modest buying of Government

securities on hopes that any fur-ther progress made by the pound as a result of last weekend's Group Five agreement could enable the Chancellor to cut enable the Chamberlot to the interest rates left gains of around § at the longer end, and § in the shorts. The FT Govern-ment Securities index closed 0.27 up at a new 1985 peak of 84.06.

Discount Houses easier throughout the list. Cater Allen. 490p, Gerrard and National, 305p, and Union, 640p, all lost 10.

about the strength of the American economy — set the scene for another drab display by London equity markets yesterday.

The transatlantic setback, which came on a domestic market already lacking any fresh investment intentive, was quickly reflected in lower quotations for blue chip industrials as sellers again made their presence felt in early trading.

Offerings were fairly light but, with buyers unwilling to commit themselves as the end of the Account approached, the tone gradually deteriorated. Major exporters like ICI, Pilkington and GEC came under pressure as various stockbroking analysts' downgraded their profits projections for overseas carners in the wake of the pound's continuing strong performance against the dollar.

Reflecting the trend, the Financial Times ordinary share index drifted down to stand 4 points lower at 3,00 pm before modest "new-time" buying interest after-hours' for selected leaders helped the measure recover to close the session 1.5 lower at 379.1. Overall conditions were resty quiet and scattered features that did emerge came as a result of corporate trading statements or speculative activity.

Allied Lyons fell in the latter category, attracting a strong speculative activity.

Allied Lyons fell in the latter category, attracting a strong speculative demand on further catego

adverse circular and shed 5 more

adverse circular and shed 5 more to 125p, while Anchor Chemicals gave up 6 to 213p.

Lack of investment incentive made for yet another lacklustre session among leading Retailers. Marks and Spencer, 158p, and Woolworth, 473p, hardened a few pence apiece, but Combined English Stores encountered further profit-taking in the wake enable the Chancellor to cut interest rates left gains of around at the longer end, and in the shorts. The FT Government Securities index closed 0.27 up at a new 1985 peak of 84.06.

Composites nervous

Composite Insurances became nervous as Hurricane "Gloria" approached the Florida coast. Royals lust 10 to 650p and GRE feil 6 to 667p, while Sun Alliance relinquished 5 at 450p and General Accident softened 4 at 608p. W.W. hardened a few pence to 148p on the interim results, but Bentalls, also announcing mid-term figures, fell 3 to 110p. USM-quoted John Kent added 4 at 58p following a freehold property

Leading Electricals proved fore easing back to close a net resilient despite yet another 4 off at 274p. Elsewhere in leading broker's downgrading of Engineerings, Spear and Jackson

:	Sept. 26	Sept.	Sept.	Sept.	Sept. 20	Sept.	968,F 290
Government Secs	84.06	83.79	83.77	84.02	83.39	83.19	80,83
Fixed Interest		89,15					
Ordinary V	-	980.6, 806.3					
Gold Mines		4,85					
Earnings, Yld. %(full)	11,92	11.89	11.85	11.75	11,65	11.57	11,41
P/E Ratio (net) (*)	10.39.	10,42	10,44	10.54	10,65	10.70	10,55
Total bargains (Est.)	20,015	21,835. 343.26.	21,009 404 50	21,175	21,040	275 30	334 A1
Equity turnover 2m.' Equity bargains		15,454					
Shares traded (mi)		175.0					

Day's High 979-2. Day's Low 976.6 Basis 100 Govt. Seca. 15/10/28. Fixed Int. 1928. Ordinary1/7/35. Nil = 10.01.

HIGHS AND LOWS S.E. ACTIVITY INDICES

- 1	19	85	Since Co	mpliatin		Sept. 25	Sapt.
	High	Low	High	Low	Daily Gilt Edged		
t. Secs.	84,06 (26)9)	78,03 (25/1)	127.4	49,18 (8/1/75)	Bargains Equities	139.4	148.0
ed Int	89.20	82.17 (23/1)	150.4	50,63	Bargains Value 6 dayAverage	106.6 693,8	117.7 817.6
nary	1024.5	•	1024.5		Gilt Edged Sargains Equities	142,3	138.0
Mines	536.9 (16/4)	280.1 (28/8)	734.7	43.5 (26/10/71)	Bargains	115.4 762.8	116.8 774.8

vised forecast from de Zoete and Bevan, but only finished 2 off on balance at 158p. Them EMI recently downgraded by Rowe and Pitman, fell 7 afresh to 354p. Elsewhere, another sharp reminder of the problem currently besetting the high-technology sector was provided by Micro Business Systems which slumped to 45p before settling a net 27 lower at 50p following the halved interim profits. Logica were again nervous fits. Logica were again nervous ahead of next Tuesday's full-year ahead of next Tuesday's full-year results and dipped 4 more to 146p, while renewed profit-taking left Continental Microwave 7 off at 373p. By way of contrast, A. R. Electronic jumped 22 to 260p in the wake of the annual statement, while Dowding and Mills advanced 5 to 74p after the increased annual profits. Revived speculative interest was evident for Oceonics which touched 62p before closing 11 higher on balance at 59p.

Interim results from Vickers were up to market expectations and the shares touched 282p be-fore easing back to close a net 4 off at 274p. Elsewhere in

	Sept. 26	Sept.	Sept.	Sept. 23	Sept. 20	Sept 19	990 190
Government Secs	84.06	83.79	83.77	84.02	83.39	83.19	80,83
Fixed Interest	89.20	89,15	89,10	89.16	88,65	88,55	84,11
Ordinary V		980.6,	982,7	995,3	1002,2	1007,8	872,0
Gold Mines		<i>5</i> 06,3	310.9	312,9	310.6	308.6	556,7
Ord. Div. Yield							
Earnings, Yld. %(full)	11,92	11.89	11.85	11.75	11,65	11.57	11,41
P/E Ratio (net) (*)	10.39.	10,42	10,44	10.54	10,65	10.70	10,55
Total bargains (Est.)	20,013	21,813	21,009	21,176	21,040	80,647	15,062
Equity turnover £m.		343.26					
Equity bargains	- !	15,454	18,162	18,717	19,471	16,265	18,157
Shares traded (mi)		175.0	207.7	191,7	167,3	178.8	206,2

■ 10 am 978.5. 11 am 978.2. Noon 977.3. 1 pm 976.9. 2 pm 976.6. 3 pm 976.6. 4 pm 978.0.

a major concern. This time added 6 to 162p on further consideration of the recent good results, while Adwest Group, due to report shortly, improved 6 to 188p. Profictaking lowered recently downgraded by Rowe and Pitman, fell 7 afresh 10 38p. Elsewhere, another give ground on lack of interest. Tesco shed 5 to 250p and J. Sainsbury 4 to 320p, while end-Sainsbury 4 to 320p, while endAccount offerings in the absence
of any bid developments left
Argyll 5 off at 323p and Kwik
Save 8 down at 210p. William
Low slipped 10 to 625p, but takeover favourite Normans attracted
"new time" demand and firmed a
penny to 764p. Elsewhere,
Somportex continued to forge
ahead on asset injection hopes
and advanced 14 afresh to 124p.
Weld, on the other hand. and advanced 14 afresh to 124p.
Weld, on the other hand,
remained a depressed market
in the wake of the poor interim
figures and warning about
second-half profits and shed 7
for a two-day fall of 31 to 65p.
Fig. lengtes lest 5 to 28p. or

British Aerospace firmed 4

that Saudi Arabia had ordered a further 24 Tornados from the company, lifting the total value of the military aircraft deal signed yesterday close to £4bn. Other miscellaneous industrial leaders continued to trade cautiously and usually closed a few pence cheaper. Pilkington, however, were a notable casualty as a broking house downgraded its profits estimate and the shares fell away to close and a couple of pence dearer at leaders continued to trade Financials, Mills and Allen Intercautiously and usually closed a
few pence cheaper. Pilkington,
however, were a notable
casualty as a broking house
and talk that Rothschilds' 24
downgraded its profits estimate
and the shares fell away to close
and a couple of pence dearer at
194p. Unliever lost 1 to £10 on
news that it was prepared to replaced to 143p, while IFICO,
194p. Unliever lost 1 to £10 on
news that it was prepared to replaced to the same on profit margins that accom-

increase its offer for Richardson-Vicks of the U.S. to \$80 per share 15 down at a year's low of 248p. Glaro softened \(\frac{1}{2}\) to \$12\), but the loctober 3 meeting dipped 5 more to 660p, despite if the bid received approval from the latter's board. Elsewhere, AGB Research shed 6 to 200p following the acquisition of the outstanding 31 per cent of Australia's McNair Anderson Associates for A39.5m. Stag interest and Falcon Resources furniture gained 5 to 64p in reply to the increased interim profits, but Whaiman Reeve Angel lost 15 to 210p after disappointment with the mid-term figures. Bespak, a firm feature late on Wednesday following news that its dispute with a UK company had been settled, came back 25 to 150p. Granada attracted support following a broker's circular and rose 6 to 178p, while Courtney Pepe moved up 25 to 380p in a restricted market. Celtie Haven gained 6 to 95p on revived speculative demand.

Motor Components took a turn for the better. Buyers returned

means substantial, but sterling quotations remained under persistent pressure during the afternoon as the pound gained further ground against the dollar. Consequently the Gold Mines index, calculated in sterling terms, eased 4.8 more to 301.5, extending the fall over the past three days to 11.4.

Among the leading Golds Motor Components took a turn for the better. Buyers returned for Armstreag Equipment which touched a 1985 peak of 61p before closing 5 up on balance at 80p. Confirmation of the Saudi

before closing 5 up on balance at 60p. Confirmation of the Saudi Arabian military aircraft contract prompted support of Lucas, 7 up at 378p, and Bewty, 3 higher at 194p. Distributors attracted selective speculative demand. Dealing resumed in Arlington at 225p—a rise of 58 on Wednesday's suspension price—in response to the cash offer from Unigate. Interest was also apparent in Kenning, 124p, and T. Cowie, 74p, up 4 and 5 respectively and both at new 1985 peaks.

Among the leading Golds Vail Reefs proved especially vulnerable and dropped £1½ to £49½, while £alls of around a point were common to Randfonten, £56, Southvaal, £22½ and £50, Sout

Ing iditioning occurs to	Closing	Day's
Stock	price	change
AB Electronic	250	+22
Armstrong Equip	60	+ 6
Bowster Inds	318	– .
Celtic Haven	95	+ 6
Diploma	190	_
Gratian	316	+2
Micro Business Syst.	50	-27
Oceonics	59	+12
Owen- Owen	440	+10
Somportex	124	+14
Spear & Jackson	162	+ 6
Wimpey (George)	121	÷ě

Business in the Property sector expanded from the previous day's low level and the leaders, after opening a shade lower, picked up to close with modest

384 529 1,468

1.299.8

	ties were finally 2 dearer at 300p, after 297p. Among the second liners. Marier Estates	Somportex
•	firmed 5 to 142p in reply to Press comment, while Control Securities hardened 1 to 25p, after 26p following the acquisi-	WEDNESDAY'S ACTIVE STOCKS
	tion of a warehouse and office property in Chadwell Heath, Essex. USM-quoted York Mount shed 4 to 42p, after 40p, on the interim profits downturn.	No. of Wed. Stock changes close Br. Aerospace 13 418 +10 Stewart Wrten. 13 887 +19 Barratt Devs 12 110 + 4 Cable & Wine. 12 585 -5 RTZ
	Among relatively subdued Financials, Mills and Allen International hardened 10 to 355p in reply to the increased full-year profits. Smith Bros. firm of late amid talk that Rothschilds' 24	872

RECENT ISSUES

١	EQU	JIT	IES	;								ر اور اور
	lagus prios	Amount paid up	Renumo. dete	19 High	\vdash	Stock	Olosing	+ or	DA V	Times	Pield Vield	Paris Santo
T T T T T T T T T T T T T T T T T T T	\$59 \$7 \$24 185 197 \$51 111 \$94 \$20 \$52 \$110 100 \$180 \$180	F.P.F.P.P.P.P.P.P.P.P.P.P.P.P.P.P.P.P.P	9/8 5/9 20/9 9/10 1/11 20/9 22/10 30/10 27/9 8/11 6/9 25/10 9/8	66 88 41 7 148 145 75 52 123 87 115	65 69 35 6 117 137 69 48 93 90 85 82 98 46 170 88	Gonrad Hidgs 4-Dean Park Hotels Greenwich Resources AnfraRed 80.10 Alerael (Jack L.) 4p 4-Just Rubber 10p 4-Kewill Systems 50	41 7 121 138 74 49 93 90 274 84 81 110 46 170 82	+6 +1 +7 -3 -49	bg1.5 tg2.2 bg1.65 ±13.6 tg1.51 bg3.5 60.5 61.74 41.8 12.625 bg4.0	3.0 3.9 9.2 1 2.3 3.8 4.5 5.0	168	5.5 5.5 9 1 14.5 18.5 18.5

FIXED INTEREST STOCKS

issue price £	Amount paid up	Latest Renun o. dete	196		Stock	Olosing price &	+0
\$100	£30 £25 F.P. £40	17/1 27/11 28/11 3/12 31/1 24/1 —	31% 2914 2714 10354 4314 2679 51% 95 60 100 10018	271 255 1031 404 254 254 475 995	Australia 942 Ln. 2012. Bank of Greece 10421n. 2010. Britton Est. 1043 ist. Mort. Deb. 2285 Eastbourne Water 842 Red. Prf. 1996 Est. & Gen. inv. 11 4212Mort. Deb. 2185 Evans of Leeds 112 ist. Mort. Deb. 2185 (intl. Sk. for Rec. & Dev. 942 Ln. 2010 & Memory Comp. 742 Gnv.R. Ln. 2010 & Memory Comp. 742 Gnv.R. Pr1994/8 Nat. Home Loans 83 Gnv. Una.Ln. 2008 Katlonwide 1147 Eds. 16/66	4314 2678 3114 95	+++++ ++++ +++++

RIGHTS OFFERS

NI-							
Issue	d up	Latest Renunc.	196	5	Stock	Olosing prios	 <u>+</u>
price	A E	date	High	Low		ð ·	
DM138 48 85 165 310 11 62 185	Mil Nil Nil Nil Nil F.P. F.P.	· 28/10	90pm 17pm 33pm 22pm 50pm 34pm 100 215	14pm 20pm 15pm 35pm 4pm 56 184	BASF A.G. DN 50 "Burns-Anderson 10p	60pm 14pm 33pm 17pm 42pm 42pm 4pm 98 194 3pm	N/V + 8

Renunciation data assually last day for dealing free of stamp duty. b based on prospectus estimates. g Assumed dividend and yield. p R dividend cover based on provious year's samings. p Peace unless of redicted. 4 issued by sander. I Offered holders of ordinary shares "rights." "s issued by way of capitalisation. Si Reintroduced. Win connection with reorganisation merger or takeover. M Allottmant let fully paid. If introduction. Si Unlated Securities Market. Fincing 12 Dealt in moder Rule 535 (3). * Dealt in under Rule 535 (4) (a).

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (65)

BRITISM FUNDS (34)

INT. BIC. 4. O'SEAS GOVT. ST. G. 195. (6)

African Dev. Bt.

11 bpc Ln. 2010

Earo Inv. Bank
10 bpc 2010

NZ 11 Loc 2008

GLC 64pc 990-92

FOREIGN BONUS (1) attilibinGS (2)

FOODS (2) NEWSPAPERS (1)

NEW LOWS (135)

LONDON TRADED OPTIONS

Apr. Oct. Jan. Apr.

PLANTATIONS (1) MINES (10)

OPTIONS

Deal Declara Settle-ings tion ment Sept 23 Oct 4 Dec 19 Jan 6 Oct 7 Oct 18 Jan 9 Jan 20 Oct 21 Nov 1 Jan 23 Feb 3 For rate indications see end of Unit Trust Service

Unit Trust Service
Money was given for the call
of "The Times" Veneer, Egtinton Oil and Gas, Somportex,
Falcon Resources, Bats, Trusthouse Forte, Bestwood, C. H.
Balley, STC, Associated Book
Publishers, Silentnight, Amber
Day, Southwest Resources, ICC,
Terrex and BSG International.
No puts were reported, although
a double was taken out in Falcon
Resources.

Feb. May

Nov. Feb. May Nov.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY 6		_		Thurs Sept 26 1985					欧洲	18.00 18.00	Mon Sept. 23	(Milater) São Aest
Fig	urts in parenthese stocks per	s show r		ladex No.	Bay's Charge	Est. Earnorps Yield% (Mar.)	Gress Dov. Yield% (ACT at 30%)	Est. PrE Razio (Het)	nd adj. 1965 to date	index No.	ledex No.	index No.	ladex do.
1 2 3 4 5 6 8 9	CAPITAL GOODS Building Materials Contracting, Consti- Electricals (14) Electronics (38) Mechanical Engine Metals and Metal f Motors (16)	(22) ruction (2 ering (b) Forming ((9)	. 533.48 . 824.61 . 1421.36 . 1261.88	-1.2 +0.5 -0.6 -0.3 -0.3 -0.4	11.34 12.29 12.34 11.06 12.07 11.18 12.89 13.49	5.21 3.58 4.74 7.82 5.04	11.06 10.11 10.30 11.57 10.93 10.85 9.64 9.01	30,05 7,55 5,75 4,92	540.04 820.24 1430.28 1245.94 300.92 204.22 169.29	513.82 543.74 823.95 1442.44 1274.69 302.64 286.80 170.16	820.79 1454.54 1295.27 304.51 204.52 171.47	528.98 465.08 457.98 1534.65 1970.34 258.74 188.51 129.69
10 21 25 25 26 27 29	Other Indestrial M: CONSUMER GRO Brewers and Distill Food Manufacturin Food Retailing (14 Health and House Letsure (22) Newspapers, Publi	aterials (UP (176) lers (23) ig (21) old Prod shing (12	181) bets (9)	. 676.24 . 706.59 . 483.67 . 1558.96 . 1432.86 . 459.57	-0.1 +1.2 -0.3 -1.2 -0.5 -0.1 -0.2	6.16 9.37 9.77 12.29 6.29 6.72 8.57 7.74	3.92 4.09 5.07 2.69 2.90 5.02 4.46	14.47 13.35 12.92 10.50 21.59 17.48 15.26 15.26	15.82 13.84 13.61 22.67 11.95 22.96 33.80	484.89 1578.51 1841.82 469.97 1892.76	491.88 1415.48 1946.30 464.35 1900.59	1851.74 673.35 1981.46	489.97 418.29 1262.40 931.29 591.50 1297.54
33 33 35 36 41 44 44 44 44 44	Packaging and Packaging and Packaging (42)	(161)			+0.1 -0.2 -0.2 -0.6 +0.2 -0.3	10.21 7.25 13.13 18.86 9.42 15.20 7.88 8.02 7.92	3.05 5.08 6.28 4.21 5.89 4.30 4.56	11.69 18.66 8.65 6.04 13.75 8.70 15.14 15.40 15.50	7,49 9,84 20,66 15,03 25,17 5,79 36,29 15,19	702.60 529.60 714.91 678.55 649.62 202.96 1183.74 814.11	701.56 330.65 721.84 642.88 652.95 203.85 1199.31 \$29.45	706.68 332.03 739.31 688.99 657.17 206.25 1195.43 837.51	465.54 279.18 743.86 480.57 637.79 145.58 880.22 670.55
8 5 13 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	Telephone Networ INDUSTRIAL CR 0:15 (17)	ks (2) OUP (48 X (500) UP (115)	. 899.63 . 639.03 . 1108.2 . 678.64 . 469.83 . 455.10 . 726.77	-0.2 5 -0.3 1 -0.2 1 -0.2 1 +0.7 7 -0.6	9.85 17.03 18.77	3.61 4.12 7.91 4.61 5.15	16.14 12.82 7.20 11.65	14.38 13.53 59.44 17.22 13.25 19.80 14.03	1111.88 680.17 470.56 452.00 731.34	644.39 1115.96 684.24 474.12 466.63 738.85	649.78 1125.81 689.99 474.98 458.79 737.60	1162.25 594.03 396.91 397.41 522.27
22 22 E	Insurance (Compo Insurance (Broker Merchant Busis () Property (50) Other Financial(2) houstment Trusts Mitaing Finance () Overseas Traders ((106) (106)		240.15 - 661.83 - 276.35	-0.5 -0.7 +0.2 -0.3 -0.3 +0.5	7.66 5.67 10.74 12.97 13.09	3.94 4.70 3.65 5.96 3.68 6.20	23.67 23.67 11.47 8.95 9.16	25.71 5.80 11.44 9.77 11.59 5.34 23.86	241.92 660.25 277.18 574.33 249.06 571.45	243.19 643.23 279.41 500.40 248.89 573.43	1084.44 240.85 444.95 280.62 582.55 251.52 580.51	843.50 210.63 599.76 256.16 539.68 281.66 585.98
99	ALL-SHARE IND			Index No.	Day's	a High		Sept 25 1275.2	15.86 Sept 24 1280.1	Sept. 23	Sept 20	Sept 19	536.48 Year ago 1144.1
	FIXED INTER							AGE CR		s	Thers Sept 26	Wed Sept 25	Year age (approx.)
	PRICE MBICES	Thes Sept 25	Day's change %	Wed Sept 25	today	nd adi. 1985 to date	1 Low 2 Coupe 3	yaş 3	emetit 5 years 5 years 5 years		9.84 19.86 10.07 10.60	9.90 10.11 19.12 10.65	11.03 19.46 10.01 11.69
2 3 4	British Contributed 5 years 5-15 years Over 15 years Irredeemables All stocks	119.78 134.45 139.52 153.39	+0.12 +0.39 +0.44 +0.46 +0.31	133.93 138.72 152.70	- - -	8.49 10.08 9.92 8.90 9.57	4 Media 5 Coupe 6 7 High 8 Coupe 9	sns 3 remables	5 years 5 years 5 years 5 years 5 years	**************************************	10.50 10.34 19.06 10.57 10.52 10.23 9.69	10.65 38.44 18.13 18.73 10.57 10.27 9.73	11.67 10.63 10.19 11.73 18.99 10.29 9.94
6	Récience & Louis Preference	113.62 81.22	+0.37	113.43	-	7.82 5.21	11 Debs 12 Loan 13 Prefe	s 	5 year 15 year 25 year	S	11.21	11.24 11.19 12.07	22.95 13.80 13.14

8.40 4.70 5.20 8.40 1.20 1.20 0.60 0.70 13.50 13.50 13.50 13.50 13.50 13.50 13.50 13.50 13.50 13.50 13.50 13.50 13.50 13.50 86507 FL3005 FL3105 FL3105 FL3105 FL3305 FL3305 FL3305 FL3005 FL30 152 203 562 102 56 102 56 71 10 91 10 941 473 174 10 500 100 10 75 20 16 41 7

TOTAL VOLUME IN CONTRACTS: 44,807

Oct. 3.80 0.40 1,50 4,50 0,80 2,90 0,40 0,50 F1.249,50 FI.120 72 106 213 72 360 373 974 529 135 50 2.30 6.80 60 67 143 167 276 187 523 158 110 199 101 B F1.160.16 3 1.80 2 FI. 60.50 F1. 63,90 FI.1%.50 FI.70 106
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FI.775,0 177
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FI.340 122 NATH P PETR C PHIL P RD C RD P ROBE C ROBE P UNIL C UNIL P 0.40 0.70 1.40 1.20 0.60 2.90 0.10 1.80 700 8.80 4 10.70 4 7 28 758 364 383 871 --74 46 FL164.40 FL 74,90 FI. 327

RISES AND FALLS YESTERDAY

396

Feb.

17.50 A

EUROPEAN OPTIONS EXCHANGE

22 30 5

42 2 5 18 47 30 23

18

140 15 160 5 180 14

45 35 20

19 10

nber 26 Total Contracts 7,563 Calls 4,846Puts 3,31 8 *Underlying, security price.

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WORLD STOCK MARKETS

			W	ORLD STOC
AUSTRIA	GERMANY	NORWAY	AUSTRALIA (continu	ed) , JAPAN (continued)
Sept. 26 Price + or Scht —		or Sept. 26 Kroner	Sept. 26 Aust.\$	+ or Sept. 25 Price + or Yen -:
Creditanstalt	BASF 254 Xr -	Bergens Bank	-1 -2 -0.5 Hardie (James) 3.64 Hardogen Energy 2.25 Herald Wylmes 5.1 ICI Aust 2.27	+0.14 Mitsul Bank
Steyr-Daimler 161 -5 Veitscher Mag - 600 +6	94yer-Verein 421 : + BHF-Bank 352,5 -	1 Kvaerner 159 Norsk Data 588 9.5 Norsk Hydro 115.5	4.5 Jimberlana F.P. 0.29 Kla Ora Gold. 0.15 Lend Lease 6.32	+0.81 Mitsukoshi 820 +40 +0.01 Nikko Seo. 725 +40 -0.84 Nippon Denso 1,230 -40 -0.87 Nippon Elect 935 -20
BELGIUM/LUXEMBOURG Price + or Sept 26 Fra. + or	Commerzbank 232.3 -	14 Storebrand 282	—8 MIM—————— 2.6 Mayne Nickless — 3.15 Myer Emporium — 3.45 Nat. Aust. Bank — 5.0	10.05 Nippon Express 630 +22 10.05 Nippon Gakki 1,230 -20 10.16 Nippoh Kogaku 950 +15
B.B.L	Degusta	7 Price Sept. 26 Ptata	Hews	+0.24 Nippon Kokan 156 +0.65 Nippon Oil
Bang. Mt. A. Lux 5.480 —220 Bekkert B 5.480 —220 Ciment CSR 2,540	CHE SECTION SEC.5 -	2.5 Bco Silbao 339 2.6 Bco Central 314	Pancontinental 1.98 Pioneer Conc. 3.1 Poseidon 4.0	+0.63 Nippon Sulsan 389 +9 +0.84 Nippon Sulsan 389 -32
Delhalze,	Hochtlet 757 Hoechst 222.8 Hoesch Werke 135	Bco Kispano 142 2.7 Bco Popular 330 2.7 Bco Santander 359	Reckitt & Colman 3.8	Nissan Motor 602 +2 Nissan Flour 486 -14 Nomura
Febrique Mat	1 Mussei 304 5 _	6 Dragados	Santos 4.95 -1 Smith (Howard) 5.0 +0.9 Thos. Natwide 2.27 +1.7 Tooth 5.8	-0.85 Olympus 995 -25 +0.1 Oracle Finance 920 -17 Orient Finance 920 -17 Orient Lessing 2550 +10
mtercom 2,380 +20	KHD	Telefonica 115-2	Vamgas 3.6 +0.2 Western Mining 3.8 Westpag Bank 5.08 Woodside Petrol 1.31	+0.15 Plonesr
Petrofina	Linge	18.5 S.5 2.5 Sept 26 Price 4.8	Woolworths 3.23 Wormad Intl 5.7	0.02 Sanyo Elect 395 -5 Sapporo 664 +5 Sekisul Prefab 970 +2
Soc. Gen. Beige 1,880 —15 Sofins ————————————————————————————————————	Metaligesell 277 Misench Rusck 1,945	14 AGA	HONG KONG	Sharp
Stanwick Intl	Porsche 1,297	45 Astra (Free) 410 4.3 Cardo (Free) 225	7 1 Sept. 25 Price 5 H.K.\$	Shiseldo
DENMARK	Schering 522 Slemens 598.5	2.5 Cellulosa	Bank East Asia 21.0 Cheung Kong 17.3	-0.5 S'tomo Chem. : 262 +13 -0.6 S'tomo Corp 685 +35 S'tomo Elect 690 ; -15
Sept. 25 Price + or	Varta 251 - Veba 255 +	Mo och Domsjo 180 Pharmacia	Severgo	-0.75 Talsel Corp
Andelsbacken 527 Beltie Skand 535 OopHandelsbank 301 +1	Verein-West 350 +		HK Electric 7.65	-0.1 TDK
D. Sukkeriab	Frice 1-4	Sonesson 174 St Kopparbergs: 155	HK Telephone 8.15 Hutchison Wpa 25.2 Intnl. City	-0.35 Tokio Marine 950 +55 -0.85 Tokyo Elect Pwr 2,650 +160 -
East Asiatio	Banco Com'le 24,600 + Bastoni (RRS 385 75	Volvo B (Free) 813	Jardine Math 10.9 New World Dev. 7.8 Orient O'seas 1.89 SHK Props 12.8	-0.5 Tokyu Corp 699 + 22 -0.15 Toppan Print 80110 -0.8 Toray 574 ; +18
LS S.B. 575 +10 Jyske Bank 710	Centrale 5,410 — Credito Varesin > 5,000 +	SWITZERLAND Sept. 26 Price:	Shell Elect	
Privatbankan 300 +2 Provinsbankan 409 +2 Smidth (F.L.) B 294 +2 Sophus Berend 1,085 +10	Finsider	540 Adia Intl	+65 +65	Yamaha
Superfos	Montedison 2,466 + Olivetti 7,415 + Pirelli Co 5,601	Sank Leu 3,720 Srown Boveri 1,620 Ciba Geigy 3,190	-10 JAPAN -65 -70 Sept 25 Brice	Yamazaki
Sept 26 Price +	Perelli Spa	Credit Suisse 2,900 Elektrowatt 3,400 Fischer Geo. 1.030	-55 Yen -10 Alinomoto 1,070	SINGAPORE SO Sept. 26 Price + or
Emprunt 44% 1973 1,590 +8 Emprunt 7% 7873 8,225 +5	do Pref 15,300 +	Hoff-Roche 1/10, 9,550	300 Alps Electric 1,210 50 Asahi Chem 729 . 80 Asahi Glasa 796	-70 8 - Boustead Hides, 1.600.91
Accor		Nestle	-50 Benk Tokyo	-50 DBS
Bouygues	AGF Kolding 224 -	- Sandoz (Br) 8,475 Sandoz (PtCts) - 1,400	-28 Casio Comp 1,630 -45 Dalei 585 -40 Dia lohi Kan. Bk. 1,540	+10 Hong Leong Fin 2.5
Carrefour	ARZO 120 — ABN 485xr —	5.5 Sike 1.530 1.8 Surveillance A _ 5,300 7 Swissair 1,460	4 10 Dia Nippon Ink 298 -90 Dai Nippon Ptg 990 +5 Daiwa Rouse 983	-60 Matay Utd. Ind 2.51 +0.62 +34 Multi Purpose 0.9 +0.65 +37 OCBC 8,5 +0.2
Damart 1,751 - 49 Darty 1,400 - 15 Dumex S.A 720 - 19	AMEV) 5 Swiss Reinsce 11,400 Swiss Volksbk 2,010	+100 Eisal 1,250 -35 Fanue 6,050 -37 Fuli Bank 1,570	+10 Public Bank
Eaux (Cie Gen) 601	Buehrmann Tet. 102 Calland Hidgs 27.6(Dordtsche Pet'm. 170.7	.5 Winterthur 4,400 2 Zurich ins 5,500	-25 Full Film 1,920	-14 Strats Trog 3.12xc -0.62 Tat Lee Bk 2.59
Imetal	Fokker	Sept. 26 Price	Green Cross 1,980 Helwa Real Est 774 Hitachi	SOUTH AFRICA
Maisons Phenix 165	Hoogovens 1 50.5 1 1nt Mueller 58.5 2 KLM 53.9 2	.9	+0.14 Indl. Bk. Japan., 1,160	20 Rand — 40 Abercom 1.7
Midi (Cie), 3,089 - 12 Moet-Hennessy 1,608 27	Naarden	.1 Ampol Pet 2.25 .6 Ashton 1.05 	-0.63 Isuzu Motors 369 470 1to. Yokado 2.710	+45 Angio Am Coal 58 +0.5 +10 Angio Am Corp 34.5
Persod Rica 672 ~ 7	Oge Grinten	Aust. Nat. Inds 2,9 5 AFM 2,95	+0.05 Jusco 884 +0.01 Kajim 578	-10 Anglo Am Gold 198
Peugeot S.A 372 3 Printempts Au. 306 1	Philips	Beil Res	KawasakiSteel 161 698 Kobe Steel 222	+1 CNA Gallo 2,55 -3 Currie Finance 4.3 +6 De Beers 12.5
Redoute	Rolinco	Brambles Inds 4.15	0.05 Komatsu 951 Konishiroku 658 Kubota 410	-19 Driefontein 53.5 +0.76 -4 F8 Geduid 60.25 -0.75 +32 Gold Fields \$4 35.25 +0.25
SkisRossignol 1,210 —25 [1] Tek m :c Elect2,535 — 40 [1] Thomson CSF 522 [1]	VMF Stork 224.5 — 9 VMU 216 — 9 Wessanen 185,3 — 2	5 CRA 5.5 5 CRA 3.24 7 Castlemaina yes 8.0	+ 0,12 Kyocera	-140 Nedbank 11.7 -0.2 +24 OK Bazaars 11.8
NOTES—Prices on this pa	West Utr Bank 88,5; -5	5 Coles (C.J.)	Mazda Motors 599 +0,02 Meija Seika 535 MEI 1,120	-1 Rembrandt 42.75 1 Rust Plat 20 +0.1 12.90.1
individual exchanges and are la suspended. xd Ex dividend. xc	st traded prices. S Desling	Elders IXL 3.48	- 0,05 M'bishi Chem	-1 SA Brews
ил Ex all.			M'bishi Estate 1,070	40 Unisec 5,6 , +0,15
OVER-THE-	COUNTER	Nasdaq nationul ma	ket, 2.30pm prices	
Sinck Seles High Low Last	Chang Stack Sales	High Low Last Ching Stock	Sales High Lour Last Ching (Hods)	Stock Sales High Law Last Chang
Continued from Page 41	ReutrH .35e 35 2t RegRey 1.24 20 30		239 19 181- 19 + 1	US Ant 144 5 4 13-16 4 13-16 US Bop 1 438 254 247 247 - 4
Paccar 1.20a 63 44 434 44 Paccar 1.20a 63 44 454 952 958	+ 1 ₉ Rhodes -24 133 13 - 1 ₄ Ribilms - 401 8	1. 131 1314 - 1. Spire 1. 57 614 + 1. StarSrs 21. 22		US Cap 59 31, 5 3 USC State 1-15 USC Sign 26 31, 3 31-16 -1-15 USC Sign 27, 27, 27, 27, 27, 27, 27, 27, 27, 27,

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CANADA

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ales	Stock	High	jos:	(Jame	Chris	Sales	Stock -	High		Close	Chag	Sales	Stock	Pigh	(Del	Close	Cing	Salas	Stock	High	Low	Clos
	770.					33700 1500	Computing	3121 ₂	125 281	121 ₂ 281	-14 -4	2800 15350	Laidhew A Laidhe B I	514 5134	133 ₄ 133 ₉	14 13%	+ 1 ₆ + 1 ₈	3600 24800	Sears Can Sellirk A f	58 ; 5211-	85 ₄ چا21	8- ₁ 21
	TOF					5450	Con Bath A	\$15	15%	15%	-1,	4900	Leigh Inst	310	305	310	- 4	12250	Snell Con	32374	2277	23
	Prices			;		4200 100	CDastb B I Cons Gas	\$65 ₇ \$23	23	64 23	- 5	500 7443	Lociaw Co	250.4	2014	201		8509 52510	Shernts Southm	\$7 a \$13 a	13°2	774
	Sept	embe	T 26			500	Con Glass	\$17%	1775	175	-14 -14	500	Lumpnace MICC	\$175 375	17", 375	171 ₂ 375		30485	Spar Aéro f	3244	24.5	13 34 20
212	AMGA Int	***	401	198		500	CTL Bank	\$10%	1012	10%	-	3700	MSR Ex	375	370	370	-5	525 1400	Si Brodest	\$2017	201	20
300	Aberland	\$130 <u>.</u> \$81 ₂	13½ 8%	135g 81 ₂	+1s +15	30143 1259	Conwest 8 Corby	235). (222	8 381 ₂	8 T	- 'a +3a	14722 70937	Melan H X Macmilan	\$12% \$18%	121 ₄ 183 ₈	127. 187a	+ 1 ₆ +3 ₈	15365	Steining A f	52414 52019	241 <u>4</u> 20	24° 20°
50	Abitibi Pr	581 ₂	20	8 ¹ 2 20 ¹ 8	•	1014	C Falcon C	\$15%	15%	15%		11230	Magna A I	\$187	18 -	165	- 14	700	Sulptro	210	202	31
28 200	Acklands Acmes E	\$173 ₄ \$184	173 <u>4</u> 1814	173 ₄ 181 ₄	-1	125	Coseks R Crownx	200 \$203	230 20%	280		1200	Mark Sono	\$14% \$125	14% 12%	143 123	+ 1 ₈	49580 3000	Teck 8 f Telo Met	5147g 530	13կ 30	13
839 0	Albria En	\$179	1712	17%	+13	33900	Crowns A 1	\$205	20% 215	204 ₉ 204 ₉ 215	+ %	27409	Mass Fer	310	300	300	- š	2007	Torra Mn	315	310	31
500 2006	Albeta N Alcan	\$19 \$34%	18 _34%	. 13 . 34%	_ \ + \e_	14500 27005	Czar Res	215		215	-5	113 2915	Mc Intyre	\$361 ₂ \$101 ₈	361 ₂ 10	36 ¹ 2	- 1, - 1,	51500 40433	Toxaco Can Thom N A	\$311 ₈ 521	30.	31 20
086	Algoria St	\$184	191	185	+ 1	2950	Daon Dev Denison A r	375 5124	380 127	370 124	-1 ₂	2700	Mercantil Meri Res	286	276	286	+11	33634	Ter Dm Bk	522	213	22
2150 1250	Asamera Alco I f	\$12	1476	42 98,	- <u>- ě</u> -	1744	Denison B i	\$117 ₈	114	1178	+ 16	9020	Mitel Corp	33×3	91-	91-		2504	Torstar 9 1 Total Pot	\$273 ₄ \$19	27 % 18 6	22519
00	BC Sugar A	\$233°	93 ₄	2312	-ĕ.	29100	Dickson A f	\$5 \$69.	8	5 64	-16	2116	Molson A f Molson B	\$173 ₄ \$181 ₈	17-a 181a	175g		200	Traders A f	5211 ₂	2115	211
100	BGR A	58_	77.	251 ₂ 77 ₄ 324 490	-18	1200	Dicknen A f Dicknen B	\$67,	6 S	88 28 PE	-14	700	M Trusco	\$15%	15	15		5545	TrCon R A	221	270	221
1935 1935	BP Canada Bk BCol	532% 495	323 ₀ 400 231 ₄	490	+ G	13140	Dofaseo Dome Cda	\$24 573 ₂	23% 7%	24	+ %	46489 300	Moore Murchy	뫮	233 ₄ 22	24 22	4 1 ₈	1500 34573	Tirks Mit TirmAlita UA	\$5% 524%	91, 240,	91 ₄
6634	Bk Monti	465 \$254	2914	2374	- 4	29145	Dome Mine	512Ju	134	127	-	19737	Nai Bk Can	\$20%	2014	20%	+ 19	20803	TrÇan PL	574°s 524°s	261	19
5314 3668:	Ek NScot Barrick	\$125 195	125 190	123 ₄ 195	+4	78490 52800	Dome Pete D Textile	275 \$10%	270 104	270 105	-5 -14	500 3500	Nat Vg Troo Nat CapA f	\$21 \$61,	21	21 T	+14	5691 3640	Trikon A Trumac	S 1974 380	194 ₉ 375	37
00	Baton A 1	\$181,	1814	1814 4012 380 335	-1 ₀ +1 ₂	2876	Dominis	\$ 1812	183	181	+ 1/8	300	NHILP A	51.71	1714	177	- 1 _g	600 3700	Trimity Res	325 525	325	
1900 1900	Bell Can Bluesky	\$400 <u>.</u> 375	360 360 335	360	- 10	200 175	Donohue Du Port A	\$151 ₂ \$221 ₂	15% 22%	15°4 22°2 13°4	- 78	1400 83493	NRd Tet Noranda	\$ 153 <u>.</u> 5 153 <u>.</u>	15½ 15%	153 ₁	+ 14 - 15	1000	Trizec & (52512	ස න්ද	22.27
750 140	Bonanza R Bow Valv	338 \$144	335 147 ₈	335	-10	15375	Dylex A	\$1314	22½ 13	13%	+14	5241 1163	Norcen	\$16	15	18	+ 1	16786 900	Utster P Un Carbel	142 \$134	140 13	14
3289	Brascan A	\$3212	. 32 ~	141 ₄ 321 ₂	+%	1000 15780	E-L Fin Echo Bay	540 \$184	393 <u>.</u> 1778	40 T77	-12	6225	Norce ord f	\$14 <u>0</u> \$14	14½ 13½	141 ₂ 14	-4	5632	U EMPISO	\$12.7	12	12
500 202	Brigwater BC ForP	\$74	775	71 ₂ 83 ₄	-16	7500	Equity Svr	\$7	7 -	7 -	-	72350 200	Northeat	5447 ₈ 450	441 <u>.</u> 450	443 ₄ 450	+39	2730 12148	U Conso Versti A f	98 440	98 430	98
225	BC Res	\$87 ₈ 212	89. 207	208	+1	200 575	FCA Inti Picabrda	\$ 185 ₅ \$ 174	181 ₂ 171 ₂	185 ₈	+ ,8	29433	Nva AltA f	\$61	56	6	- 1 ₈	3200	Verst B	430	430	44
209 031	BC Phone Brunswk	\$237 ₂ \$14	23% 14	23½ 14		9620 100	Fed Ind A	\$117	711	113	+ 14	1000 22117	Nowsco W Nu Wost	\$19 42	19	19 40	- 14 - 1	700 2000	Vesigron Voicen ind	\$53 ₈ 250	5% 250	5
4060	CAE	\$15%	15	15%	_	4700	FCity Fin Gendalf	\$114 \$75	711	1114 7%	- ¥	5700	Numec	\$1172	111 _B	1174		100	Waja- A	\$1-41-	1417	14
110 00	CCL B !	\$15½ \$29½	147 ₈ 297 ₂	15½ 29½ 11½	+5g -5g	4650 300	Gaz Metr Geec Comp	\$10 ³ 8 \$10	73 ₀ 102 ₀ 10	73 ₆ 103 ₄ 10	-4	B21 200	Ocelot B f	56 \$55	6 65	6 53	-19	25171	Walker R Weeast T	530% 516	30-a 153	30
800	Cad Frv	5117 ₈	11%	117		13000	Gendis A	\$317	315	3158	-4	1000	Omega Hyd	\$77	7-76	75 30,	+ 16	4000	Westran	\$13k	13	13
00 4463	Cambridg Camo RLk	\$184g \$31	183 ₈	184 304	-13 -35	65107 17432	Genstar L Geografie	\$25 335	27% 330	315 273 335	-4	10100 2715	Oshawa A f	\$32% \$13%	135	33) ₁	-16	438534 800	Woodwid A Yk Bear	519% 57%	19 74	19
147	Camp Soup	\$2114	21 ~	214	+ 4	- 500	Gibritae	58 ¹ a	54	500 70	- 30	6600	Pourin A t	585 ₈	B1:	8': 9':	-61			•		
00 3	CCenn ex p	\$25% \$10%	25% 10%	25% 10%	-58	19490 7125	Goldcorp f Gration A f	\$714 \$121 ₈	7 12	7 12%	-16 + 16	3900 9800	Pancur Pancan P	\$91g 5330.	87 ₄	235	+15		voling rights	ar r	estricto	rd v
144 3000	CDC !	\$94 \$21	βΣ ₈ 21	94 ₈ 21		29740	GL Forest	S16 -	1575	16	-14	7628	Pegasus	\$111	1012	335 101	- 4	uğhts.				
788	Can Mett C Nor West	\$2175	211/2	215	+% [2089 17300	Greyhnd GuarPA f	\$221 ₂ \$91 ₈	221 ₂	221 ₂ 91 ₄	+12 (11300	Pembina PJewi A f	\$17 581)	17 ¯ 83 ₈	17 - 83e						
7378	CanP Ent C Packrs	\$263 ₄ \$341 ₂	263g 341 ₂	254 342	+4	125888 2015	Guff Can	\$ 19° ₈	84 193	9% 19%	-6	700	Pine Point	ŚTĨ	21	21 21	-91			-		
100	CS Pets f	420	406	420	+5	2697	Hawker Hayes D	\$20 \$111 ₂	20 114	20 111 ₂	- 1	61172 1900	Placer D Poco Pet	\$2279 \$759 \$7714	22% 75%	22'y 73 17	-16					
111 8501	Can Trust Ci Bk Com	\$43 \$36%	43	43 25%	+2	4100 50	Hees inti Heritag A f	\$20°2 \$20°4	2014 2014	2014 2014	-5	14575 5600	Powr Cor I	\$17 ¹ 4 490	16°a 490	17 490	-5		MON	TRE	AI.	
900	C Marconi	\$20%	357 ₁ 207 ₇	35% 2077 25% 16%	-14	4252	H BayMn s	\$812	612	Al.		7410	Provigo	\$26	253	253,	-12	Cle	sing price	s Sen	emh.	er i
83100 1061	C Occiental CP Ltd	\$251 ₂ \$164	251 ₂ 161 ₈	25% 15%	+ 2	.71191 33845	H Bay Co Husky Oil	\$25 \$94	2434	20	-3 ₀ +3 ₀	200 200	Quebecor	450 \$12	450 12	450 12	+1			o ocp		
35111	CTire A f	\$83	97 ₈ 164 ₈	914 167 ₈	•	34613	Intaksco	\$24	25	20°0 93, 23°3 483, 17°0	- 1	24200	Ranger	455	450	450	۱ '	31486	Bank Mont	\$2917	2918	290
244 10	CUSH A I	\$16 ⁷ 8 \$16 ³ 4	16% 16%	167s	-%	20968 16837	Imp Cil A Impo	\$4854 \$175a	483 ₃	484	+4	7550 1800	Rayrock f Redoath	\$91 ₈ \$121 ₈	53 ₄ 113 ₄	83 ₄ 121 ₄	-1	1218	BombrdrA	5137	137	13
400	Cantor	\$8	732	8 ~	+14	980	inland Gas	\$2218	22 -	22 15%	-4	900	Regioni R	410	410	410	~5	8037 3005	BombrdrB CB Pak	\$13% 521%	133 ₈	131
75 200	Cara A f	\$157 ₈ \$157 ₄	15 ¹ 2 15	15½ 15	- 3g	17272	Inter City Inti Thom	\$16% \$9	151 ₈	15%	+ %	13204 32100	Rio Algom Rogers 8 f	5224 5115	2212	227	-3-1	32179	Cascades	51114	11	111
2330	Carl OK	\$137 ₈	1312	1334	- Vi I	6365	Intpr Pipe	\$425	824 423 ₈ 133 ₇	87. 427.	-5,	1300	Rottamen	5351-	1112 3512	7115 351	+12	1998 3191	ComBath DomTstA	\$16 \$10'4	16 10'a	10
250 113	Carolin Celanese	350 ° 59	350 9	350 9	+5	700 5300	losco Jennock	\$131 ₂ \$151 ₂	131 ₂ 157 ₄	131 ₂ 153 ₂	+%	19466 2500	Royal Bak RyTrco A	\$30 \$197	29-4 190	30 190	+4	29617	Gn. Metro	\$11	10.4	IJ,
100	CentFd A	563 ₄	874	63, 147,	7	2400	Kerr Add	\$15le	15	15	-14	14358	Royex	293	384	285	- 13	400 45085	Mmilest NniBk Cda	\$ 15 \$20%	2014	15 301
100 10	Centri Tr Chieftan	\$147 ₆ \$91 ₄	140 ₄ 87 ₈	1418 87a	-4	660 2589	Klena Gid Lebett	\$247 ₂ \$277 ₂	265 ₆ 271 ₄	2774	+16	2030 3330	Sceptre Scotts f	551 ₄ 526	514 26	5¼ 26	- 1	33400	Power Corp	51.	17	17
Ŏ.	CHUM B !	542	42	878 42	+4	19283	LL Lac	\$30,	337	33	-5	3000	Scotts C	\$261 ₈	26%	26%		9500 101000	Royal Bank RoyTratco	519 a	29). 193,	ĮΩ.

Indices

		•	3K.20	W .	J	3							
-	T	Seet	Seet			S==2	See	Sen	. L	19	8 5	Since C	one litter
		26	25°		T	23	20 Law	19		iŝ	High	1,000	High
stri	± 1.	13.17	1,312,86	.52	1.12	1,316.31	1,287.	1,308		8.54 9/7)	1184. (V)	1358.54 (11/7/05	
atopi	M4 1	M1.58°	844.31	65	1.16	858.61	649.	H 854.		2.5 1/1	553.0 (4/1)		12.32 @/1/32
شتات	• '	150.13*	151.77	15	2.00	153.52	152	153.		8.91 2/7)	146.5 (4/1)		18.5 (28/4/42
أهيد	75	- [\$2,128	97 ,	578	194.79m	101.3	169.3	•	- j	-	-	<u> -</u>
					_	iept 20	_	tept 13	-	J		Year Ago	
Dia Y	icki Ye			=		4.74	<u>.l</u>	4.71		4.61		4.5	<u> </u>
	RD ÁJE	D POGE	<u>.</u>	_		•			-				
٠	: -	Sept -	Sent		ᆲᅦ	Seet	Saut	Sent		1985	i	Since Co	esplicio
	-	26	25	_	Ŧ	23	20	19	High	1	Low	High	Low
skie	•	281.38°	281 <u>.53</u>	285	L74	255.52	252.88	294.39	215.8 (18/7		28.24 (471)		3,62 (36/6/32
pez i	•	1 31.17	HALSS.	122	22.	194.39	182.83	183.39	195.6 [17/]		(63.68 (4/1)	195.65 (17/7/65	4,48 (1/6/32)
						iașt 11	T	Sept 4	A	ug 26		Yeer Ago	Approx)
٠ý	eM 44					3.76 12.41		3.75 11.81		3.72 1.88	-	3.9 18.6	9
P/E		Yes					1 .	1B.39	1 1	0.35		12.3	
g Ga	Bond	Yaki		_		10.73	<u> </u>	18.35	_	0.35 ESES	AMD F	12.3 Alls	
S.E	ALL CO	Supt	Sept			10.73 885	<u>-</u>	18.35	_	uses		-	Sept 23
S.E	ALL CO	Supt 24	23	-	_	10.73		18.35	i i	SES S	AME E	ALLS Sept	

l		_			Unchanged 47.	š	464	449
l			Hew	York A	ctive Stocks			
	Sen Cai Bentrica	Stocks ?/wded 2,546,580 2,546,580	371/2	Change on Day — Ya +3	Star Trad Hosp Co Am 1,323 Bird Vk	ind ,180 ,788		- 34 +25/2
ľ	Som For JBM Mont P	 2,457,880 1,886,580 1,563,300	1231/2	+3 - 1/2 + 1/4	Pen An Corp 1,876 Exten	,508	67a 49Va 27¥a	+ 1/2 + 1/2 - 7/3

TORRETTO				~_	19	<u> </u>
	26	25	24	Sept 23	High	Low
Motels & Miels Composite	1,003.6 ° 2,621.2 °	1,886.90 2,615.80	1,934.0 2,656.2	1,954.9 2,699.1	2198.7 [13/2] 2819.8 (36/8)	1839.3 (8/1) 2348.5 (8/1)
MONTREAL Pardulio	127.77	127,42	129.43	131.35	139.33 (19/7)	117.90 (4/1)
· ladicatus pro-close figura						

	26	25	24	23	High	Low .
AUSTRALIA						
All ord. (1/1/80)	971.8	981.3	960.3	959.7	971.8 (26/9)	715 3 (7:1)
Metals & Mins. (1/1/80)	516.8	510.9	516.D	512.6	583.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/82)	55 .15	99.33	99.21	98.43	105.73 (17/0)	85 21 (2/4)
BELGKIM						
Bressels SE (1/1/80)	2433.18	2449.81	2467.B6	2450.34	2490.34 (23/9	18/1 2090.7 (18/1
DENGLARK						
Copenhagen SE (3/1/83)	u	đ	215.74	216.38	218.41 (9/9)	158.44 (8/1
FRANCE						
CAC General (31/12/82)	211.1	213.5	215.2	216.2	233.1 (31/5)	180.9 (3/1)
ad Tendance (28/12/84)	119.4	119.5	122.2	121.9	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	527.19	529.17	517.05 ·) 382.39 (3/1)
Commerchank (1/12/53)	1553.8	1559.8	1523.7	1538.9	1558.8 (25/9	} 1113.8 (3/1
HONG KONG						_
Hang Sang Bank (31/7/64)	1511.87	1547.88	1553.24	1535.45	1711.51 (19/8	1220.74 (2/1
TALY						
Sanca Comm. Ital. (1972)	400.60	398.18	389.98	394.41	400.60 (26/9	228.58 (2/1
IAPAN**	-					
Wate: Dow (16/5/49)	12689.50	12704.81	12755.6	£	13040.10 (6/7)	11545.2 (5/1)
okya SE Maur (4/1/68)	1024 20	1018.34	1017 50	£	1057.55 (10/7)	918 93 (4/1)
	1021.20		1017-00	<u> </u>		
WETHERLANDS						
MP-CBS General (1970)	211.6	215.2	218.8	218.8	223.0 (3/9)	185.6 (3/1)
UKP-CBS General (1970) UKP-CBS Indust (1970)						
NP-CBS General (1970) NP-CBS Indust (1970) ORWAY	211.6 185.7	215.2 189.4	218.8 191.9	218.8 192.5	223.0 (3/9) 194.1 (3/9)	185.6 (3/1) 147.9 (3/1)
MP-CBS General (1970) MP-CBS Indust (1970) MORWAY Isin SE (4/1/83)	211.6	215.2	218.8	218.8 192.5	223.0 (3/9)	185.6 (3/1) 147.9 (3/1)
MP-CBS General (1970) AP-CBS Indust (1970) IORWAY Isin SE (4/1/83) INGAPORE	211.6 185.7	215.2 189.4	218.8 191.9	218.8 192.5	223.0 (3/8) 194.1 (3/8) 368.77 (25/9)	185.6 (3/1) 147.9 (3/1)
UPPCBS General (1970) UPPCBS Indust (1995) UPPCBS INDUST INDUST (1995) UPPCBBS INDUST INDUST (1995)	211.6 185.7 364.07	215.2 189.4 358.77	218.8 191.9 368.23	218.8 192.5 387.75	223.0 (3/9) 194.1 (3/9) 368.77 (25/9) 852.85 (7/3)	185.6 (3/1) 147.9 (3/1) 288.18 (2/1) 717.95 (15/7)
INP-CBS General (1970) INP-CBS Indiast (1970) IORWAY Isia SE [4/1/83) INGAPORE Iorata Tumes (1996)	211.6 185.7 364.07	215.2 189.4 358.77	218.8 191.9 368.23	218.8 192.5 387.75	223.0 (3/8) 194.1 (3/8) 368.77 (25/9)	185.8 (3/1) 147.9 (3/1) 288.18 (2/1) 717.95 (15/7) 836 1 (11/2)

* leaficates pre-close figure ** Seturday September 21 Japan Nildoi Boar 12,733.0 TSE 1.012.99 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 101 and Tetorin Chaptesia and Metals – 1000 Torosto indices based 1975 and Montreal Portofic 4/1/83 † Excluding books ‡ 480 Industrials 5 400 industrials plus 40 Unifices Financials and 20 Transports c Closed to Describible

485.1

108.19 107.90 108.26 108.40 117.41 (4/2) 101.48 (2/1)

1384.45 1382.57 1387.81 1392.55 1486.98 (11/2) 1285.32 (9/7)

217.3 218.3 218.9 224.3 (17/7) 184.6 (4/1)

LONDON (in pence unless otherwise indicated)

RISES			FALLS	
A B Elec	260	+22	AGB Research	209 - 6
Adwest	188	+ 6	Aberd'n Const	172 - 8
Armstrong	60	+ 5	Burgess	142 — 6
Celtic Haven	95	+ 6	Micro Bus	50 -27
Country Props	286	+ 8	Pilkington	248 -15
Ferranti	116	+ 8	Redland	299 - 6
McL & Harvey	116	+ 6	Robinson	116 - 6
Oceonics	59	+11	Royal Ins	650 -10
Somportex	124	+14	Vaal Reefs	£49% - 1%
Spear & J'son	162	+ 6	Whatman Reeve	210 -15
Stag	64	+ 5	Wold	65 - 7
Wimpey (George)	121	+ 6		

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cobsum & P (11/58)

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485 9 499.3 (11/9) 388.7 (3/1)

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Some business travellers will change neither hotel nor newspaper.

That's why they are particularly happy to find complimentary copies of the Financial Times at the following hotels in Nice: Westminster Concorde, Méridien, Beach Regency, Frantel, Sofitel Splendid.

FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Guessing game over Fed motives

RENEWED CONCERN over the prospects for Federal Reserve credit policies and for corporate profits kept Wall Street stocks subdued yesterday, writes Terry Byland in New York.

Blue chip stocks rallied from a poor start and major market indices were bolstered again by strength in General Foods. But the broad range of the market remained unsupported.

At the close, however, the Dow Jones industrial average was 8.74 up at

In the credit markets, rates steaded as traders pondered the motives behind this week's heavy intervention by the Federal Reserve. The Fed made no move yesterday and some analysts rejected suggestions that it would ease policy, perhaps by cutting discount rates, to help lower the dollar in foreign exchange markets.

General Foods gained a further \$2 to \$108%, with turnover again heavy. This followed reports that the company had effectively invited rival bids after receiving the approach from an unnamed suitor - generally identified as Philip Mor-ris, the cigarette manufacturer. Morris eased \$% to \$75%.

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STOCK MARKET HIDICES

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The board of General Foods, which could also be interested in a management buyout, is thought by some to be seeking a bid of about \$120 a share, valuing the group at \$5.6bn.

One possible bidder seemed ruled out when Unilever, the Anglo-Dutch foods and detergent company, raised its terms for Richardson-Vicks after the Richardson family increased its stake.

Stock in Richardson jumped \$2% to \$50, against Unilever's new offer of \$60, as Wall Street wondered whether the Richardsons would continue to resist.

The spotlight also fell on other food stocks regarded as vulnerable. Beatrice Group, still struggling with stagnant profits after a heavy acquisition programme, jumped \$1% to \$35% in heavy

Quaker Oats, an old bid favourite, added \$1% to \$54%. But Pillsbury, once seen as an alternative target for Morris, eased \$1/2 to \$58%.

Early falls in the computer leaders were sharply reduced, leaving IBM \$% down at \$123%, with turnover rising sharply as the price recovered. Similar paths were traced by Honeywell, down \$% at \$60%, Digital Equipment, down \$% at \$106% and Burroughs, down \$% at

The Detroit motor stocks also steadied to show small, mixed price changes. But trading was quiet in General Motors, \$% higher at \$87% and Ford, up \$% at \$44.

Selected chemical and pharmaceutical stocks continued to look for benefits in overseas markets from a lower dollar. Monsanto, at \$45% added \$%, and Merck was \$\% up at \$108\%.

KEY MARKET MONITORS

Frankfurt Commerzbank

Paris CAC General

Dec 31,1982 • 100

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INTEREST RATES

U.S BONDS

10111/32

100%

97%

102% 11.45

Latest High

75-23 78-05 75-19 75-20

92.95 93.06 92.94 93.01

92.15 92.26 92.15 92.21

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STERLING

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11,805

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78.25

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11%

8% 7% 7.75 6.84

Price Yield

10015 8.722

1011 10.05

Price Yield

100% 10.25

987 10.85

8.70

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Sept 26

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Gloomy news on the company front included a loss and omitted dividend at Inland Steel, taking the stock down by \$1 to \$22%. Wheeling-Pittsburgh eased

Other features included Merrill Lynch, the major Wall Street brokerage firm, down \$% at \$27% as it faced a suit for \$1.3bn from Baldwin United, the illfated insurance company.

There was a burst of selling of CBS stock, down \$1% at \$109 as Wall Street awaited news from a meeting of the board and analysts at major brokerage houses. Other broadcasting companies to feel the backwash included Capital Cities Communications, down \$6 at \$193, and Taft Broadcasting, down \$3 at \$75.

In the credit markets, short-term rates crept higher as noon passed without intervention by the Federal Reserve. Treasury bill rates were eight basis points up, with Federal funds at 7% per

Bond prices rose by a quarter of a point but trading was cautious as retail investors tried to read the moves by the Federal Reserve.

TOKYO

Near-record volume fails to excite

VOLUME surged in Tokyo yesterday with buying centred on large-capital issues and some constructions as the yen continued to rise against the U.S. dollar, writes Shigeo Nishiwaki of Jifi Press.

Blue chips and biotechnology stocks eased on light selling and share prices stagnated overall. Electric powers and steels were among the popular big-

capital issues.

The Nikkei-Dow market average dipped 15.31 to close at 12,689.50. Also affecting the session were the 50 shares that moved ex-rights and 581 issues exdividend.

The volume of 1.35bn shares, traded up sharply from Wednesday's 568.30m was only slightly down from the 1.38bn high reached in 1981. Falls outnumbered gains by 450 to 357, with 94 issues un-

Volume usually swells at this time of the year as securities houses gear up for the new business year in October. But yesterday's figure far exceeded predictions, as institutional investors stepped up buying after the central bank decided to continue its market intervention to guide the yen higher. Among large capital shares bolstered

by lower interest rate hopes. Nippon Steel was the most active with 209m. shares changing hands. It gained Y9 to Y189. Mitsubishi Heavy Industries was next with 103bn shares, rising Y3 to Tokyo Gas moved ex-rights but held

saki Heavy Industries, and Ishikawajima-Harima Heavy Industries were also among the 10 most active stocks, adding Y1 to Y161, Y4 to Y244 and Y8 to Y218 respectively. Turnover in Tokyo Electric Power

steady at Y315. Kawasaki Steel, Kawa-

stock, at 23m shares, was the largest in value terms. The stock climbed Y160 to another record high of Y2,650. Other electric power and gas stocks also rose sharply. Large constructions were favoured,

with Ohbayashi Corp putting on Y24 to Y488 and Taisei Corp Y25 to Y445. Nippon Yusen and Toray, counted as semi-large capital issues, attracted buyers, adding Y19 to Y364 and Y18 to Y574 respectively.

Blue-chip electrical and precision instrument shares eased on a broad front on concern over trade friction with the U.S. and lower export earnings due to the yen's appreciation. Hitachi eased Y8 to Y652, TDK Y230 to

Y3,820 and Asahi Optical Y21 to Y430. Biotechnologies sank on a wide front, with Yamanouchi Pharmaceutical slip-ping Y110 to Y2,950 and Green Cross Y180 to Y1,980.

Bonds weakened on growing concern over declining yields, but financial bouses, institutional investors, and securities firms hunted for low-priced bonds in the hope of interest-rate falls.

The yield on the benchmark 6.8 per cent government bond due in December 1994 rose to 5.770 per cent from Wednesday's 5.730 per cent.

SOUTH AFRICA

GOLDS, buoyed by a steady bullion price, led a moderate advance on a broad front in Johannesburg. Trading was slow, but among golds

Buffelsfontein put on 75 cents to R78.50 and Southvaal added 50 cents to R94. Mining houses and platinums mirrored golds, but other minings were mixed. Gencor was up 75 cents to R30 while copper share Palabora shed 25 to

Elsewhere AE&CI added 15 cents to R7.65 and Anglo American Corporation closed steady at R34.50.

CANADA

THE DOWNWARD drift continued in Toronto with investors waiting on the sidelines for direction.

Active stocks included Bell Canada, C5% higher at C540%, Canadian Tire which was unchanged at C59% and Ca-nadian Occidental Petroleum which was down C\$% at C\$25%.

In Montreal, industrials and utilities traded marginally lower while banks were showing some resilience.

EUROPE

Weaker \$ triggers fresh falls

FRESH WEAKNESS in the dollar triggered a number of falls on the European ourses yesterday although technical factors were more dominant in Germany and Belgium while Italy ignored everyone and coasted to a new peak.

Milan rose for the second consecutive day on the back of mutual fund and foreign buying which was spread across

Industrial blue chips were sought actively as investors moved in the wake of a healthy batch of corporate results that has hired domestic and overseas investors into hefty purchasing programmes.
Reflecting the wide rally in the market, the Banca Commerciale Index rose
4.41 to a record 400.80.

Internationals were the obvious target of the buyers, with Olivetti L25 higher to L7,415, while Fiat hit a new high with a L185 jump to L4,700 following its strong first-half results earlier this week. Montedison recovered more of its losses suffered on Monday with a L31 rise to

Saipem put on a further L250 to a 1985 high of L8,800 on persistent reports that the oil services group is poised to an-nounce an equity capital increase, in part free.

Ciga eased L35 to L11,540 after early gains fuelled by reports that a public tender for shares of the hotel group may be launched soon.

Retailers lost ground, however, with Rinascente L29 cheaper at L1,000 and Standa L500 lower at L15.000.

Opening strength in Frankfurt was completely overturned by the close with the midday calculation of the Commerzbank index slipping 6,0 points from the peak of the previous session to 1,553.8. Foreign buyers were active in the morning but by the end of the day the

mood was purely bearish. Few escaped the marking down. Rosenthal proved an exception with a DM 2.50 rise to a new high for the year of DM 306 in steady buying while insurer Munich Re stormed ahead with a DM 90 rise to DM 1,945 after Wednesday's equally dramatic DM 75 setback.

Apart from the technical retreat from Wednesday's record, the pressure of the dollar came to bear again with export stocks quickly surrendering recent

Carmakers were caught in the crossfire with Porsche a further DM 45 cheaper at DM 1,297 while VW lost DM 10 to DM 323.50. Stores, which had found strong local support earlier this week, were also hard hit with Kaufhof down DM 14 to DM 310 and Horten, which benefited from brisk UK buying on Tuesday, shed DM 6 to DM 213.

Elsewhere, Mannesmann turned DM 4.80 cheaper at DM 220.80, GHH lost DM 5.50 to DM 186 and KHD surrendered DM 4 to DM 300.

Bonds traded sharply higher with gains of up to 55 basis points as foreign investors were lured back into the market on the prospects of the softer dollar.
The Bundesbank was again active with substantial sales of DM 63m of paper compared with Wednesday's DM 33.7m

Brussels suffered yet another bruising session with a hefty 16.43 drop to 2,433.18 in the Stock Exchange index. Solvay, which fell BFr 200 to BFr

5,050, was hit again by a lower dollar and further consideration of the chemical group's first-first results. UCB also eased with a BFr 60 decline to BFr 5040. Utilities managed to display some firmness with Intercom BFr 20 higher at BFr 2,380 and Ebes BFr 5 up at BFr 3,030 while recently-active Cimenteries CBR held steady at BFr 2,540.

Amsterdam suffered a brisk shakeout with a large 4.6 drop in the ANP-CBS General index to 211.6. Internationals followed the dollar lower with Unilever, currently in hot pursuit of U.S. acquisitions, a large F1 7.50 cheaper at F1 327 with Royal Dutch Fl 2.70 off at Fl 184.40. Financials were also mauled with ABN down FI 7 to FI 485 ex-rights and

Amey Fl 9.60 lower at Fl 279. Foreign sorties into the bond market produced sharp rises although the CBS bond index managed only a 0.2 gain to

Stockholm, Zurich, Paris lost ground although Madrid edged ahead.

AUSTRALIA

Industrials lead path to peak

A SPURT of late buying, particularly of industrials, boosted Sydney to a record

The All Ordinaries index climbed 10.5 to end the day at 971.8 - 8.4 up on the previous all-time high of September 13. Overseas buyers helped the climb in the market which was led to its new peak by banks.

Other market leaders included BHP which reversed losses this week to gain 8 cents to A\$7.48. CSR was up 7 cents to A\$3.24, North Broken Hill firmed 8 cents to A\$2.54 and CRA rose 12 cents to A\$5.50. Westpac led the rise in banks surging 23 cents to A\$5.08. National Australia was up 16 cents to A\$5.00 and ANZ put on 14 cents to A\$5.02.

Among golds, GMK and Kidston both put on 10 cents to close A\$10.20 and A\$5.50 respectively. Sons of Gwalia added 3 cents to A\$2.95

but Renison eased 4 cent to A\$5.50.

LONDON

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GILTS were one of the few bright notes in otherwise dull trading in London

yesterday.

An overnight fall in Wall Street's Down Jones index and worries about the U.S. economy combined to maintain the downward drift in equities. The FT Ordinary index ended the session 1.5 lower

Among actives, AB Electronics jumped 22p to 260p. Armstrong Equipment was up 5p to 60p, Bowater Industrial was unchanged at 318p and Micro Business System shed 27p to 50p.

Banks provided a firm spot but oils were dull and insurers weak.

Hopes of a cut in interest rates follow-ing the international moves to lower the U.S. dollar's value led to modest buying of Government securities. Longer-terms ended with gains of around % and shortterms improved by 4.

Chief price changes, Page 39; Details, Page 38; Share information service, Page 36-37

HONG KONG

GROWING concern over the banking sector's exposure to troubled Orient Overseas shipping group depressed Hong Kong.

Trading in Orient Overseas has been suspended since the beginning of this month. It last traded at HK\$1.99.

The Hang Seng index ended 35.81 down at 1,511.87 while increased selling by foreign brokers saw turnover up to HK\$254.79, compared with the previous half day's figure of HK\$158.24.

Among banks Hongkong & Shanghai was 20 cents down to HK\$6.90, Hang Seng lost 75 cents to HK\$40.25 and Bank of East Asia shed 30 cents to HK\$21.

Losses among market leaders included Cheung Kong which was down 60 cents to HK\$17.30.

SINGAPORE

SPECULATIVE buying again boosted Singapore which finished higher after active trading.

The Straits Times industrial index

rose for the second successive day up 6.28 to 788.88..

Most active was Federal Cables which closed 18 cents up at S\$1.54. Other actives included Data Consolidated, up 8 cents to S\$1.89 and Kuala Lumpur Industries, which shed 2 cents to S\$2.12.

Elsewhere, OCBC rose 20 cents to S\$8.50, DBS put on 20 cents to S\$5.45 and Haw Par Brothers was up 5 cents to

Hotels, properties and commodities were also up.

NEW ISSUE

These Notes having been sold, this announcement appears as a matter of record only.



ANHEUSER-BUSCH COMPANIES, INC.

8% Dual Currency Japanese Yen/U.S. Dollar Notes due 1995

Issue Price 101% of the Issue Amount

Issue Amount:

¥11,500,000,000

Redemption Amount: U.S.\$55,292,000

IBJ International Limited

Dillon, Read Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A.

New Japan Securities Europe Limited

Morgan Stanley International

Union Bank of Switzerland (Securities) Limited

Wako International Europe Limited

DEDEMARK PRANCE CAC Gen 119.4 119.5 Ind. Tendance WEST GERMAN 527.19 529.17 365.73 1,553.8 1,559.8 1,063.1 HONG KONG Hang Seng 1,511.87 1,547.68 999.79 ITALY Banca Comm METHERLANDS ANP-CBS Gen 216.2 ANP-CBS Ind 189.4 NORWAY Oslo SE 364.09 368.77 254 67 SINGAPORE Straits Times **SOUTH AFRICA** JSE Golds JSE Industrials **SPAIN** Mednd SE SWEDEN J&P SWITZERLAND Sw:ss Bank Ind 4723

788 88 782.60 895.81 Yr Ago 1,110.4 995.3 962.5 860.7 108.19 107.90 146.42 1,384 45 1,392,57 1,421,64 483.2 372.9 WORLD Sept 25 Prev Capital Int'l 217.3 218.3 183.0 GOLD (per ounce) Prev \$328.75 London Zunch \$329.75 \$328.50 Paris (fixing) \$332.91 \$330.89 \$331.00 \$329.05 New York (Dec) \$332.20 \$334.30 Latest available figure

3-month U.S.S 6-month U.S.S U.S. Fed Funds U.S.3-month CDs Treasury 1.896.9 1.954.0 2,615.8 2.379.3 10% 10% 1992 1995 127.42 117.40 n/a 215 60 168.13 Corporate AT & T 3% July 1990 8% May 2000 116.3 Diamond Shamrock 10% May 1993 Federaled Dept Stores 10% May 2013 Abbot Lab 11.80 Feb 2013 177.1 12% Dec 2012 100% 12.20 100 137.1 FINANCIAL FUTURES CHICAGO ary Bonds (CBT) 8% 32nds of 100% Dec U.S. Treasury Bills (LIKIN) \$1m points of 100% Dec Certificates of Deposit (IMM) \$1m points of 100% Dec LONDON Three-mon th Eurodolla S1m points of 100%

Dec

20-year Notional GIR £50,000 32nds of 100%

(London)

COMMODITIES Silver (spot fixing) Copper (cash) Coffee (Sept) Oil (apot Arabian Light)

427.30p E951.00 £1,567.50 £1,556.50

Prev 430.55p £954.50